

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 3 June 2021

Updated Housing Revenue Account (HRA) Capital Programme

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
 - 1.1.1 Approves the updated 2021/22 Housing Revenue Account (HRA) capital programme; and
 - 1.1.2 Notes the draft 2022/23 planned programme and five-year investment programme.

Paul Lawrence

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

E-mail: elaine.scott@edinburgh.gov.uk | Tel: 0131 529 2277

Updated Housing Revenue Account (HRA) Capital Programme

2. Executive Summary

- 2.1 This report sets out an updated 2021/22 and 2022/23 Housing Revenue Account (HRA) capital programme, following consultation with Elected Members. The 24-month programme includes an assessment of the impact of further restrictions due to Covid-19 on timescales and the re-profiling slippage from 2020/21.
- 2.2 It also sets out detail of the accelerated spend to improve internal common stairwells in areas of highest poverty in the city and the impact of increased resources for the Mixed Tenure Improvement Service (MTIS) approved by Council on 18 February 2021.
- 2.3 The detailed HRA capital programme of £103.987m for 2021/22 and £203.069m for 2022/23 are the largest HRA capital programmes presented to Committee to date. There are risks associated with delivery of a programme of this scale at this time; for example, the impact of Covid-19 and Brexit on investment costs and securing skilled labour, owner and tenant agreement and securing land for affordable housing developments. Mitigations have been put in place to minimise these risks as far as possible.

3. Background

- 3.1 On [27 August 2020](#), Finance and Resources Committee approved a revised 2020/21 HRA capital budget in light of the impacts of Covid-19. On [21 January 2021](#), Finance and Resources Committee considered the 2020-2030 Capital Budget Strategy – 2020/21 Month Eight Monitoring Report. At month eight the HRA Capital Programme estimated slippage of 17.8% (£10.169m) against the revised budget.
- 3.2 On [18 February 2021](#), Council approved a one-year revenue budget, an outline £1.2bn five-year programme and £2.8bn ten-year capital investment programme to deliver Council commitments on affordable housing and net zero carbon by 2030, and to create places where people want to live that keep them safe, secure, healthy and connected through a holistic area-based approach. The Council also agreed to

accelerate £1.860m investment to improve internal common stairwells and to increase resources for the MTIS.

- 3.3 On [18 March 2021](#), Housing, Homelessness and Fair Work Committee approved the planned HRA capital programme for investment of £87.386m in 2021/22 and agreed to receive a further report on a revised five-year capital programme after further work to reprofile the capital programme that takes into account of the slippage from 2020/21, the phasing of additional capital investment agreed in the budget and the impact of Covid-19.
- 3.4 A coalition addendum approved alongside the report requested that the £1.860m accelerated investment to improve internal common stairwells is focused on blocks in communities with the highest levels of poverty in the city.

4. Main report

- 4.1 Further work to reprofile the capital programme has been carried out since March to take into account of the slippage from 2020/21, the phasing of five-year investment and the impact of latest Covid-19 restrictions on the capital programme.
- 4.2 At month eight the HRA Capital Programme estimated slippage of £10.169m against the revised budget of £56.969m. The capital programme year end provisional outturn for 2020/21 was £41.456m, with a net slippage of £15.512m against the revised budget. The net slippage was made up of £2.580m from the improvement programme for existing homes and estates, £0.932m from the new build development programme and £12.000m land acquisition for the purchase of Liberton Hospital. The land acquisition was previously expected to take place in the last quarter of 2020/21 but is now expected to conclude in 2021/22.
- 4.3 The remaining net slippage (excluding the purchase of Liberton Hospital) was the result of £8.213m gross slippage, mitigated by acceleration of £4.701m in some parts of the programme. Amongst the gross slippage, £0.245m was underspend from ad-hoc internal upgrades of empty homes when they became vacant. A reduction in the number of relets due to Covid-19 means that this underspend does not need to be re-profiled. The remaining £7.968m has been re-phased over the next two years. A revised draft five-year capital investment programme is set out in Appendix 1.
- 4.4 The revised improvement programme for existing homes and estates has increased by £16.601m to £50.764m in 2021/22 as a result of increasing the planned improvement work to address part of the 2020/21 slippage, the impact of additional MTIS resources, the acceleration of investment in internal common stairwells and advancing a programme for homes to meet the new Energy Efficiency Standards for Social Housing (EESH2).
- 4.5 The improvement programme presented to Housing, Homelessness and Fair Work Committee on 18 March 2021 assumed work requiring access to tenants' homes would only take place in the second half of 2021/22. With the Covid-19 restrictions continuing to ease, some of the work is now expected to resume sooner. An

additional £3.417m is now included in the 2021/22 budget for smoke detection installation, heating upgrades, capitalisation of ad-hoc internal upgrade to empty homes, as well as, lift upgrades in multi-storey blocks and an increase in Neighbourhood Environmental Projects.

4.6 The £306.912m revised two-year HRA capital programme for 2021/22 and 2022/23 will focus on meeting statutory commitments by continuing to drive forward Scottish Housing Quality Standards (SHQS) and Energy Efficiency Standards for Social Housing (ESSH) compliance. Investment is heavily focused on improving the energy efficiency of our homes and informing the long term roadmap to achieve the Council's net zero carbon commitment. The programme also includes the replacement of building components that have reached the end of their life, health and safety measures and demand-led adaptations to ensure our homes are fit for purpose and meeting the needs of our tenants. The two-year programme will include:

4.6.1 Investment in development and construction of around 1,863 affordable homes on Council owned sites;

4.6.2 1,000 homes with new kitchens and bathrooms;

4.6.3 1,400 homes with new modern heating systems;

4.6.4 1,100 homes with new doors and window upgrades;

4.6.5 750 homes with full electrical rewiring upgrades;

4.6.6 1,600 homes in low rise blocks with external fabric upgrades;

4.6.7 Bringing 1,100 homes to meet ESSH2; piloting a whole house retrofit approach;

4.6.8 1,400 blocks with secure door entry installations and follow-on internal common stairwells improvement (which includes the accelerated investment in 180 blocks approved by the Council in February 2021);

4.6.9 220 homes with major adaptations; and

4.6.10 Up to 13 high rise blocks to enhance fire safety.

Investment in Existing Homes and Neighbourhoods

4.7 Investment in existing homes has previously been based on individual upgrades, prioritised due to lifecycle and statutory compliance. Over the next two years, the programme will move to a holistic area-based approach that will combine whole house retrofit with wider estate regeneration. A summary of the key locality investment priorities for 2021/22 and 2022/23 is included in Appendix 3. This transition will be significant and needs to be informed by accurate stock information. The Housing Sustainability Update report, also presented to this Committee, provides more detail on the stock condition survey and design principle commission which are the key elements of the two-year assessment period for the Whole House Retrofit (WHR) Strategy currently in development.

4.8 The whole house retrofit approach is essential for the Council to achieve net zero carbon by 2030. The approach of incrementally layering individual measures

without consideration of wider building and asset management considerations can result in either compromised future performance or a requirement for premature replacement. The Housing Sustainability Strategy sets out a fabric first approach that seeks to align energy efficiency with asset management ensuring that energy efficiency and building improvement go hand in hand to design out future maintenance issues.

- 4.9 All social rented homes were expected to comply with the EESSH by December 2020, with the next compliance milestone to bring all homes up to EESSH2 standards (EPC of B, minimum 81 SAP rating) by 31 December 2032. Most of the planned works to boost EESSH1 compliance were suspended in 2020/21 as a result of Covid-19. At the end of 2020, compliance with EESSH1 was at 71%. The suspended works will be carried out over the next two years, as restrictions are lifted, and are expected to increase overall compliance to 88%. The remaining homes will form part of the roadmap, currently being developed in partnership with Changeworks, that will seek to bring the remaining temporary exemptions, fails and homes in development up to EESSH2 standards where possible. Around half of these homes that do not currently meet EESSH are as a result of tenant refusals and therefore present additional challenges when trying to progress the works. The roadmap seeks to bypass EESSH standards to meet the more ambitious EESSH2 standard well ahead of the 2032 compliance date. This approach to target EESSH2, as standard, will be progressed over the next two years whilst the wider long term WHR Strategy is finalised. To date, 11% of Council homes meet EESSH2, with about 3% from new homes built since 2012 and 8% from existing homes that have been upgraded recently.
- 4.10 In response to the tragic fire at Grenfell Tower in London, a new fire and smoke alarm standard was introduced in Scotland in January 2019. The regulations were due to come into force in February 2021, but the implementation has been delayed for 12 months to February 2022 to acknowledge the difficulty to install new smoke and carbon monoxide alarms during the Covid-19 pandemic. All Council homes are currently fitted with smoke detectors and approximately a quarter of Council homes have an integrated alarm system, compliant with the new standard. The remaining homes are programmed to have the new systems installed in financial year 2021/22 ahead of the new deadline.

Common Stair Upgrades

- 4.11 As part of the HRA budget strategy approved on 18 February 2021, the 2020/21 capital programme includes £1.860m for internal stairwell improvements in 180 blocks. The coalition addendum agreed by Committee on 18 March 2021 requested that this investment be focused on blocks in communities with the highest levels of poverty in the city.
- 4.12 The internal stairwell improvement programme focuses on blocks that have had secured door entry systems installed in recent years. Going forward, the internal stairwell improvement will form part of the door entry systems follow-on programme. A city-wide door entry installation programme is underway to ensure all blocks where the Council will retain a long-term interest are safe and secure and comply

with SHQS. Subject to owners' agreement, the door entry installation investment will be followed by the internal stairwell upgrades. The future programme will be developed with local housing officers and tenant groups, to prioritise blocks that have been identified as in need of improvement.

- 4.13 About half of the blocks in the 2021/22 stairwell improvement programme are fully owned by the Council. These blocks will receive full stair refurbishment including upgrades to stair windows, walls, ceilings, balustrades and handrails, stair painting, improved lighting and flooring. The other half of the programme will be carried out in mixed tenure blocks where the Council has majority ownership, with owner agreement.
- 4.14 The table below sets out the proposed 2021/22 programme, it has been cross-referenced with the index of multiple deprivation and is made up of blocks from 15 of 17 wards focusing in areas of deprivation. Over a quarter (52 blocks) of the programme are in the most deprived 10% datazones/ areas in Scotland, and nearly half of the programme (95 blocks) are in the most deprived 20% areas in Scotland. There is a small element of over-programming to take into account any potential delays from progressing Scheme Decisions in majority owned blocks.

Table1: Internal stairwell improvement programme 2021/22

Ward	Fully Owned Blocks	Majority Owned Blocks	Total Blocks
1 - Almond	5	0	5
2 - Pentland Hills	7	0	7
3 - Drum Brae / Gyle	5	6	11
4 - Forth	17	6	23
5 - Inverleith	3	0	3
6 - Corstorphine / Murrayfield	2	0	2
7 - Sighthill / Gorgie	12	21	33
8 - Colinton / Fairmilehead	5	23	28
9 - Fountainbridge / Craiglockhart	2	3	5
12 - Leith Walk	1	8	9
13 - Leith	7	6	13
14 - Craightinny / Duddingston	14	14	28
15 - Southside / Newington	0	1	1
16 - Liberton / Gilmerton	9	5	14
17 - Portobello / Craigmillar	8	4	12
Total	97	97	194

Mixed Tenure Improvement Service (MTIS)

- 4.15 On [23 January 2020](#), Finance and Resources Committee approved a business case to establish a MTIS Pilot. The business case included delivery of repairs to 180 blocks in Wester Hailes, estimating c.£30m of essential investment during the three-year pilot, with the HRA share of the costs estimated at c.£22m (including management fees).
- 4.16 On 18 February 2021, Council agreed to fund an additional resource of two surveyors and one case officer to accelerate investment in mixed tenure blocks. It

is estimated that this could bring forward £4m of mixed tenure repairs across 17 blocks in 2021/22. Based on the tenure makeup, the HRA share of the works is estimated to around £2.8m.

- 4.17 After the additional resource has been made available, the updated MTIS planned workload in 2021/22 now includes the repair of 46 blocks (369 flats) amounting to a value of £10m; of which the HRA will contribute £7.6m (including inflation). The work in Phase 1 will start in Murrayburn and extend to Dumbryden and is forecast to start on site in summer of 2021.
- 4.18 The MTIS planned workload in 2022/23, is the repair of a further 50 blocks. The pilot progress and assumptions made in the business model will be reviewed annually and will inform future capital programmes for external fabric repairs to mixed tenure blocks across the city.

New Homes

- 4.19 The two-year building programme for new homes includes a number of sites across the city that are at all stages of development and construction as well as monies to purchase additional land. The purchase of Liberton hospital is expected to complete this financial year, following approval from the Finance and Resources Committee on [4 March 2021](#). The £0.932m slippage in 2020/21 as a result of Covid-19 is expected to be caught up by 2022/23.
- 4.20 A total of 273 new affordable homes (101 social rented and 172 mid market rent (MMR) homes) were completed and handed over in 2020/21, compared to the 385 completions projected in last year's HRA capital programme report. Handovers were delayed in both Pennywell and North Sighthill; the delayed handovers on both of these projects will take place between now and the autumn of 2021.
- 4.21 A number of sites have recently been tendered through the Council's contractor framework and also through individual procurement exercises where a development partner is needed to deliver mixed tenure developments. A development partner has been identified for the mixed use development at Fountainbridge and the same procurement process is now underway to appoint a partner at Meadowbank. As contractors and developers are appointed the delivery and consequently spend will significantly increase for these major projects, as set out in in the profiling of revised five-year capital investment programme and ten-year investment strategy in Appendix 1.

5. Next Steps

- 5.1 The final 2020/21 yearend outturn for the HRA capital programme will be reported to Finance and Resources Committee on 12 August 2021, along with the General Fund capital outturn and revised budget for 2021/22.
- 5.2 The delivery programme and spend against budget will be monitored on a monthly basis. The programme will be reviewed and revised in response to the latest Covid-19 restrictions and government guidance. Updates will be reported to through

regular monitoring reports to Finance and Resources Committee at Period three, six and eight.

- 5.3 The annual review of the HRA Business Plan and capital investment strategy is underway. Assumptions will be benchmarked against peers and where relevant, include market and industry standard projections, considering short and medium impacts of Covid-19 and Brexit, with the future years' capital programme updated accordingly.

6. Financial impact

- 6.1 The HRA is funded from tenants' rents, fees and service charges for services provided to tenants and assets held on the HRA account. The HRA is self-contained and has no direct impact on the Council's General Fund budget.
- 6.2 Appendix 1 sets out a £1220.341m five-year HRA capital investment programme for 2021/22 to 2025/26, which includes the £19.968m gross slippage from 2020/21 and the acceleration of investment on internal stairwell refurbishment and MTIS programme through the additional resources approved on 18 February 2021.
- 6.3 The HRA Capital Investment Programme is funded through a combination of specific capital grant from the Scottish Government, developers and third-party contributions, capital receipts and borrowing. The borrowing requirement is carried out in line with the approved Annual Treasury Management Strategy 2021/22 and is provided for on an overall programme basis rather than for individual capital projects. New HRA borrowing will benefit from the favourable rate announced at Spring Budget 2020.
- 6.4 Appendix 1 outlines a revised borrowing requirement of £192.678m over the two years of 2021/22 and 2022/23. The overall loan charges associated with this requirement, over a 30-year period for improving existing homes and estates and building new homes, would be the principal amount of £192.678m and interest of £139.191m, resulting in total cost to the HRA of £331.869m. Based on a loans fund interest rate of 3.8%, the annual loan charges would be £11.062m 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.
- 6.5 The MTIS includes a 20% project management fee to cover the cost of running the service. A bad debt allowance equal to 10% of all owner related costs is factored into the budget. The risk of non-recovery of owners shares to the General Fund is managed by robust engagement with owners and an enhanced Scheme of Assistance for owners to pay their shares. Any debt associated with owners' shares will be managed using the Council's debt recovery procedures and, where appropriate, the use of inhibition orders to secure debt against owners' properties. Ongoing monitoring and evaluation of the pilot will provide gateway checks to manage risk, assess continued value for money and confirmation that key objectives of the service are being met.

6.6 The stakeholders included in the Mixed Tenure Pilot include the Council as an owner and landlord, the Council as a local authority, private property owners including landlords and owner occupiers, Council tenants and private tenants' who live in Westerhailes. As a result, the risks are complex and often competing. The pilot work will endeavour to balance all the risks and deliver an outcome that will benefit all stakeholders.

Risks to programme delivery

6.7 The detailed HRA capital programme of £103.987m for 2021/22 and £203.069m for 2022/23 are the largest HRA capital programmes put forward to Committee. The top risks to the delivery of the capital programme and mitigations are:

6.7.1 **Impact of Covid-19 /Brexit on cost of capital investment:** The increase in construction and development costs (workforce, materials etc.) could be higher than anticipated due to the impact of Covid-19 and the need to implement safe working practices. The impact of Brexit as well as Covid-19 is impacting on the availability of and cost of certain materials, affecting the supply chain as the economy responds to the pandemic. As part of the annual review of the HRA Business Plan, build cost inflation assumptions are reviewed based on market intelligence. The detailed two-year programme has already taken account of the known cost uplifts, as a result of Covid-19.

6.7.2 **Contractor capacity and skill shortage/gap:** There is a risk of skills shortages around new technologies associated with energy efficiency measures to meet the net zero carbon ambition. Innovation and Skills is one of the key areas of focus for the City Region Deal Housing Partners. Innovation, offsite construction and pipeline opportunities are being explored through the Edinburgh Housing Demonstrator (EHD) Programme. The EHD Programme will demonstrate that a new business model based on collaborative procurement, whole-life costings, development pipeline and greater standardisation can transform the productivity and performance of affordable housing development. It is expected that this model will increasingly then be adopted by the wider housing market. More broadly, Housing partners are seeking to link council led construction programmes, contractors and developers to the City Region Deal HCI Skills Gateway programme, which is working to ensure that regional skills shortages are tackled, and employment opportunities are directed to communities within the city region and that individuals facing disadvantages in the labour market are targeted.

6.7.3 **Owners and tenants engagement:** Over half of Council homes are in mixed tenure blocks where the Council shares responsibility for the repair and maintenance of common areas with homeowners and private landlords. Owners may not have the funds to invest in their homes, delaying or limiting investment to Council homes in these blocks. For the MTIS pilot, owners in blocks where the Council has majority ownership may challenge the scheme decision for the repairs and upgrades. The new MTIS is seeking to address this through owner engagement with an enhanced Scheme of Assistance

measures in place to provide extended repayment terms for owners to allow them to contribute to the communal improvement. The continued delivery of strategic acquisition and disposal of homes will help to achieve further block consolidation to support delivery of works to communal areas of blocks.

Internal works to tenants' homes may also be delayed if tenants are not willing or able to provide access, as a result of Covid-19. Internal works are programmed to take place in the latter months of 2021/22 and Scottish Government guidance on safe working practices will continue to be followed to provide further assurance to tenants.

6.7.4 Securing land for affordable housing developments: One of the key risks to the delivery of 20,000 affordable homes is failure to secure suitable land for development. The HRA Business Plan includes c.£120m for land acquisitions over the next ten years, with £19m included in the both the 2021/22 and 2022/23 budgets. The upcoming purchase of Liberton hospital demonstrates the role other public partners can play in supporting housing delivery, but additional opportunities are needed.

6.8 Due to the scale of the investment, the inter-dependency with General Fund through Edinburgh Living and MTIS, as well as the reliance on owners' agreement to progress mixed tenure improvement, there is an increased risk on the delivery of the programme, which could result in over-budgeting the associated borrowing requirement. All risks are kept under regular review and significant changes will be highlighted to the Housing, Homelessness and Fair Work Committee, Finance and Resources Committee and Governance, Risk and Best Value Committee.

7. Stakeholder/Community Impact

- 7.1 Tenants' views on the HRA budget strategy, investment plan, services and associated rent levels are sought every year as part of the budget consultation. There is also a regular programme of tenant engagement and customer insight, which includes regular satisfaction surveys, focus groups, tenant panels, tenant led service inspections and scrutiny, and resident and community meetings.
- 7.2 Consultation on the 2021/22 budget took place in 2020. With Covid-19 distancing restrictions, most of the budget consultation took place virtually, including a phone and online survey, social media campaign and an online meeting with Edinburgh Tenants Federation (ETF) members. All tenants received a paper copy of the budget consultation as part of the Tenants' Courier newsletter during the consultation period.
- 7.3 This year's consultation was about the changing focus of the investment strategy from investing in the interiors of homes, to buildings and neighbourhoods. While improvement inside tenants' homes and external fabric of buildings remain priority areas for investment, over half of the surveyed tenants said more investment should be made to improve common areas including safe, modern stairwells, improved waste management and recycling facilities, as well as, access to green open

spaces and local shops. The 2021/22 capital programme now includes additional investment on internal stairwell refurbishment to 180 blocks and additional resources to MTIS.

- 7.4 Briefings with Elected Members were carried out in January 2021 on the HRA Budget Strategy 2021-2031 and key investment priorities. Further sessions were held in April 2021 with ward Councillors on the planned investment in 2021/22 and 2022/23, which would help to inform the emerging priorities for the next annual budget cycle and a detailed five-year capital programme.

8. Background reading/external references

- 8.1 Housing Revenue Account (HRA) Budget Strategy 2021/22, Housing, Homelessness and Fair Work Committee, [5 November 2020](#).
- 8.2 Housing Sustainability Update, Housing, Homelessness and Fair Work Committee, [5 November 2020](#).
- 8.3 Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration, Housing Homelessness and Fair Work, [14 January 2021](#).

9. Appendices

- 9.1 Appendix 1 – Revised HRA Five-Year Capital Investment Programme and Ten-Year Investment Strategy.
- 9.2 Appendix 2 – Detailed HRA Capital Investment Programme 2021/22 and 2022/23.
- 9.3 Appendix 3 – HRA Capital Investment Programme 2021/22 and 2022/23 – Key Locality Investment Priorities.

Appendix 1 – Revised HRA Five Year Capital Investment Programme and Ten Year Investment Strategy

Below is the revised draft five-year Capital Investment Programme and summary 10-year investment strategy, which incorporates the slippage from the 2020/21 revised budget, rephasing investment to accelerate internal stairwell refurbishment and MTIS as approved in February 2021, and takes into the account of the latest Covid-19 restrictions and their impacts on the delivery of the capital programme.

The funding strategy may be further revised through the year as officers seek to make the best use of any existing and new resources and use the most appropriate funding to generate the best return to the HRA.

Programme Heading	1	2	3	4	5	5 Year	6 to 10	10 Year
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total	2026/27 to 2030/31 £m	Total
<u>Programme Expenditure</u>								
New Homes Development*	33.223	109.552	129.726	110.806	328.326	711.633	1094.736	1806.369
New Home Land Costs	20.000	19.000	19.533	21.933	21.933	102.399	33.466	135.865
Tenant's Homes & Services	15.229	22.355	24.048	27.103	33.158	121.893	116.120	238.013
External Fabric and Estates	35.535	52.162	56.113	63.239	77.367	284.416	330.149	614.565
Total Expenditure	103.987	203.069	229.420	223.081	460.784	1220.341	1574.471	2794.812
<u>Programme Resources</u>								
Prudential Borrowing	46.935	145.743	96.243	91.003	173.072	552.996	721.312	1274.308
Strategic Housing Investment Fund	18.300	23.300	28.300	10.800	10.800	91.500	31.500	123.000
Capital Receipts and Contributions	7.310	5.380	9.200	27.090	18.144	67.124	97.254	164.378
Receipts from LLPs*	19.583	5.282	72.018	70.606	232.259	399.748	569.825	969.573
Scottish Government Subsidy (Social)**	11.859	23.364	23.659	23.582	26.509	108.973	154.580	263.553
Total Funding	103.987	203.069	229.420	223.081	460.784	1220.341	1574.471	2794.812

*The budget for new build housing includes the upfront capital costs for the Council led development of all 10,000 affordable homes, including homes for mid-market and affordable market that will be purchased by the Council's new LLPs. This has no impact on the HRA as interest payments are deferred until the homes are purchased. £25 million of the £970 million anticipated receipts from LLPs by year ten is for homes already under construction and due to complete in the next two years. Please note these receipts go beyond current approved levels of on-lending, approval will be sought to expand the programme in future years.

**Government subsidy for social rented homes is drawn down when a site is acquired and during the design and construction phase. The grant subsidy assumed in the year will vary depending on the number of projects at these stages of the development cycle.

Appendix 2 – HRA Capital Investment Programme 2021/22 AND 2022/23

Category	Programme	2021/22 (£m)	2022/23 (£m)	Commentary
New Homes	New Homes Development	33.223	109.552	Overall design development and construction budget for the new homes programme in 2021/22 & 2022/23. The numbers in brackets denote the total number of homes to be developed on each site/ group of sites: SR = Social Rent; MMR = Mid-Market Rent; MR = Market Rent; BTR = Build to Rent; and Sale = Private Sale
	<i>Pennywell (Phase 3 & Town Centre)</i>	10.032	9.875	<i>Continued delivery of new homes in Pennywell and Muirhouse. (188 SR, 149 MMR & 134 Sale)</i>
	<i>Dumbryden (Phase 2 & 3)</i>	6.479	3.895	<i>Second phase of 35 homes to start on site in April 2021. (43 SR & 14 MMR)</i>
	<i>Coatfield Lane, Leith</i>	0.209	2.776	<i>Demolition of existing homes and design work for new homes. Due to start on site in summer 2022. (32 SR)</i>
	<i>Silverlea</i>	0.523	10.044	<i>Contractor appointed, design under way, Planning submission due Summer 2021 with start on site Summer 2022. (91 SR & 55 MMR)</i>
	<i>Bingham Avenue and Parkview</i>	5.988	0.000	<i>Both projects under construction, handovers will start from autumn 2021. (70 SR)</i>
	<i>Fountainbridge</i>	1.568	8.230	<i>Development Partner to be appointed in May 2021. Enabling works underway with start on site due in 2022. (113 SR, 32 MMR, 32 MR, & 259 Sale)</i>
	<i>Meadowbank</i>	1.044	10.136	<i>Procurement for a development partner underway, enabling works to take place in advance of main contract. (208 SR, 50 MMR, 96 Sale & 242 BTR)</i>
	<i>Granton: Western Villages & D1</i>	0.993	32.588	<i>Commencing with the first phase of the design and delivery of around mixed tenure 400 homes at Western Villages, which forms part of Granton Waterfront. Construction planned to commence in 2022. (232 SR, 81 MMR, 82 MR & 124 Sale)</i>
	<i>Powderhall</i>	2.090	10.384	<i>Construction of nursery with housing will start in summer 2021 with procurement for contractor for wider site also underway. (77 SR, 21 MMR, 41 MR & 122 Sale)</i>
	<i>Sighthill Crescent</i>	0.209	3.292	<i>Aiming to provide mixed housing development including accommodation for Health and Social Care. (75 SR)</i>
	<i>Burdiehouse Crescent</i>	0.000	3.237	<i>Early stages of feasibility underway. (30 SR & 30 MMR)</i>

	<i>Murrayburn Gate</i>	0.261	4.389	<i>Procurement of building contractor underway. Expect to start on site in 2022. (27 SR & 26 MMR)</i>
	<i>Cowan's Close</i>	0.209	4.141	<i>Confirmation of viability/ costs of delivering affordable homes in this location is being sought. (19 SR)</i>
	<i>Liberton Hospital</i>	0.209	2.195	<i>Purchase of site approved. Developer procurement process to be agreed. (150 SR, 50 MMR & 200 Sale)</i>
	<i>Post-construction work (retention)/ early design development and staff costs</i>	3.409	4.370	<i>Includes resources to support the programme, as well as, design development for pipeline sites which will be acquired by the HRA.</i>
	Land Acquisitions	20.000	19.000	Purchase of sites from landowners and key public sector partners, as well as, the transfer of sites from the General Fund to the HRA to support the delivery of 20,000 affordable homes. Budget for 2021/22 includes the purchase of Liberton Hospital.
New Homes Subtotal		53.223	128.552	
Existing Council homes and neighbourhoods	External fabric and Estate Improvements	29.126	43.148	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) and EESSH</i>	19.254	29.184	<p><i>Around 1,600 homes in low rise blocks will benefit from a combination of insulation and external render measures required to bring homes up to EESSH in the two years, including HEEPS:ABS programme.</i></p> <p><i>Consultation with owners in Dumbiedykes and Westburn is taking place to progress the mixed tenure work in 2021/22. The 2021/22 HEEPS:ABS funding application was submitted to Scottish Government in May for upgrades in Westburn, Murrayburn, Oxfords, and Gilmerton, as well as a citywide internal wall insulation and a citywide hard to treat cavity wall insulation programme. The 2022/23 HEEPS:ABS programme will be developed next year and assumes a similar number of homes would benefit from the scheme.</i></p> <p><i>A programme to bring up to 1,100 homes to EESSH2 standard over the next two years, with priority given to those that did not meet EESSH1 before the Dec 2020 deadline.</i></p> <p><i>Two multi-storey blocks will benefit from insulation and external render (May and Gunnet). Roof replacement of one multi (Fidra) and stack lining at Fidra & Birnie Court in 2021/22. Further four</i></p>

				<i>multi-storey blocks (Peffermill, Craigmillar, Inchmickery and Oxcars) are expected to have external fabric upgrade in 2022/23.</i>
	<i>Mixed Tenure Improvement Pilot</i>	7.557	7.708	<i>HRA's share of the mixed tenure work being taken forward in the Dumbryden/Murrayburn pilot area.</i>
	<i>Placemaking, including NEPs and North Cairntow redevelopment</i>	1.789	5.428	<i>To fund Neighbourhood Environmental Projects in localities & redevelopment of North Cairntow Gypsy Traveller site.</i>
	<i>Community Care (adaptations)</i>	0.526	0.828	<i>In response to Covid-19 restrictions, a reduced budget has been set for adaptations outside tenants' homes (e.g. ramps) and emergency health and safety applications in 2021/22. The budget remains flexible to respond to demand.</i>
	Communal Improvements	10.639	13.252	To fund general improvement work in communal area of blocks.
	<i>Secure Door Entry and follow-on improvement</i>	3.255	7.040	<i>Up to 1,400 blocks will receive secure door entry systems to maintain SHQS compliance and follow-on internal stairwell improvement over the two years. This includes the accelerated investment in 180 blocks approved by the Council in Feb; the budget is set out separately below for ease of reference.</i>
	<i>Internal common stairwells improvement (as approved by Council on 18 Feb 2021)</i>	1.860	-	<i>180 blocks will receive internal stair refurbishment (including upgrades to windows, walls, ceilings, balustrades and handrails, stair painting, and improved lighting).</i>
	<i>Multi-Storey Services</i>	1.052	2.071	<i>The partial upgrade of 12 lifts in five multi storey blocks and full replacement of 14 lifts in seven multi storey blocks.</i>
	<i>Water Tanks</i>	0.263	-	<i>Up to 100 blocks will have their communal water tank replaced. No programme has been developed for 2022/23, as most upgrade would have completed then. Capital budget remains flexible to provide any ad-hoc upgrade required.</i>
	<i>Fire Safety</i>	4.209	4.141	<i>Fire safety upgrades in high rise blocks.</i>
	Internal Improvements	10.999	18.117	To fund improvement work that requires access to tenants' homes.
	<i>Kitchens and Bathrooms</i>	2.631	6.212	<i>Around 1,000 homes will benefit from new kitchens and bathrooms over the two years.</i>
	<i>Electrical Rewiring and Smoke Detection</i>	3.771	3.106	<i>750 homes will have full electrics rewiring over the two years and a further 12,000 homes are programmed to have new smoke alarms installed to meet new legislation (subject to contractors' capacity and tenants' agreement).</i>
	<i>Windows and External Doors</i>	2.105	3.623	<i>1,100 homes will benefit for energy efficient windows and external doors over the two years.</i>
	<i>Heating Upgrades</i>	1.703	3.623	<i>1,400 homes will have energy efficient gas heating systems installed over the two years.</i>

	<i>Adhoc internal upgrades (including Empty Homes)</i>	<i>0.789</i>	<i>1.553</i>	<i>Capitalisation of repairs and upgrade of empty homes when they become vacant.</i>
Existing homes & neighbourhoods subtotal		50.764	74.517	
Grand Total		103.987	203.069	

Appendix 3 – HRA Capital Investment Programme 2021/22 and 2022/23 - Key Locality Investment Priorities

North West - Key priorities going forward:	
Gunnet, Oxcars, Birnies , Fidra and May Courts	Internals and external fabric improvements.
West Pilton Multi-storey Inchmickery and Inchcolm Courts	Entrances and foyers upgrades. Weather protection for public balconies and new privacy gates.
Muirhouse Park	Bin store upgrades, door entry and external fabric improvements to a number of identified blocks.
Muirhouse Drive	Windowsill upgrades and external fabric improvements to a number of identified blocks.
Ferry Road Drive	New fencing and external fabric improvements.
Inchcolm/Inchgarvie Courts	Entrances, plastering and decorating, refurbish security gates and protection for roof access.
Newhaven	Fabric repairs to four Category C listed properties at Pier Place, Wester Close, and Lambs Court.
Royston/Wardieburn	Render repairs to a number of identified blocks.

North East - Key priorities going forward:	
Piershill Square	Externals and door entry systems.
Lochend Road South	
Magdalene Avenue	Externals, deck access and stairwells.
Magdalene Gardens/Drive	Externals, deck access and stairwells.
North Cairntow	Re-development of the gypsy traveller site.
Bingham Medway/Way	Externals, stairwells and open spaces.
Duddingston Row	
Niddrie House	External fabric repairs and common stair improvements for 18 blocks in the area, including a repainting programme of both external and common internal areas.

South East - Key priorities going forward:	
Southhouse Grove	External improvement. Option appraisal is being carried out with two mixed tenure blocks that are not wind and watertight.
Moredun Multis	Internal (upgrade to foyers), windows, refurbishment and Automatic Opening Vents (AOV) installation.
Prestonfield	Internals (stairs & door entry), externals, painting and harling.
Balmwell Terrace	External improvement (roof) to sheltered housing cottages.
Dumbiedykes	Refurbishment to 11 blocks with external wall insulation and Neighbourhood Environment Programme (NEPs) external stairwell upgrades.

South West - Key priorities going forward:	
Murrayburn	Externals, internals (door entry and stairwells), and estates (bins, garden areas, pests control).
Dumbryden	
Hailesland (low rise)	

Westfield Court	Options to repair / replace internal stacks are currently being explored, a full building survey is underway.
Oxgangs House	Externals (building and security, windows) and estates management (rubbish, fencing & bin stores).
Calders low rise	Externals (landings and timber weatherboarding screens), internals (stairs and door entry), and estates management (security, bins and community areas). Roofs, thermal insulation, and Calder View flooring replacements.