

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 29 September 2022

Housing Revenue Account Budget Strategy 2023/24

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 Notes the increased financial pressure on the Housing Service and the updates made to HRA Business Plan financial assumptions;
 - 1.1.2 Notes that delivery of the Energy Efficiency Standard for Social Housing 2 (ESSH2) is expected to reduce energy demand and tenants' energy bills but will require increased HRA capital investment; as set out at paragraph 2.8;
 - 1.1.3 Notes that the planned annual HRA budget strategy will be re-designed in consultation with tenants' representatives and taken forward in 2023;
 - 1.1.4 Notes that a third rent freeze means that the Council will not be able to deliver statutory energy efficiency commitments and expand the Council's housebuilding programme without rent increases in future years and increases in Scottish Government subsidy; and
 - 1.1.5 Agrees to increase engagement with Scottish Government to secure additional support to deliver the Energy Efficiency Standard for Social Housing 2 (ESSH2) and more Council homes.

Paul Lawrence

Executive Director of Place

Contact: Elaine Scott, Head of Housing Strategy & Development

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



Housing Revenue Account Budget Strategy 2023/24

2. Executive Summary

- 2.1 The Council is the largest landlord in the city providing housing and landlord services to around 19,000 tenants. The service is almost entirely funded from tenants' rental income.
- 2.2 The 30-year HRA Business Plan is reviewed annually to make financial provision for delivery of day-to-day services to tenants and capital investment in new and existing homes. The Business Plan is seeking to support the delivery of Council commitments, including more Council homes and net zero carbon.
- 2.3 On [24 February 2022](#), Council approved a rent freeze for the second year in a row equating to £179m loss of income over the lifetime of the 30-year business plan from the two rent freezes.
- 2.4 Officers highlighted at the time that unless rents were increased by 2.5% per annum for the subsequent four years (2023/24 to 2026/27) to mitigate this second rent freeze, the planned 10-year investment programme in new and existing homes could not be delivered.
- 2.5 Since then, the impact of the Ukrainian war, as well as the long-term impact of the pandemic has seen costs in the construction sector increase by around 40%. The cost-of-living crisis and inflationary rises (10.1% CPI annual rate in July 2022) have meant that the day-to-day delivery of core landlord services are costing more (17% increase on last year's 10 year plan), reducing the capacity to borrow to invest in improving existing homes and neighbourhoods and building new affordable homes.
- 2.6 In addition to this, the development of a detailed delivery plan to meet statutory requirements of the Scottish Government's ambitious EESSH2 has seen the estimated cost of compliance almost double, as more accurate costs for bespoke measures across the council's complex housing estate are confirmed.
- 2.7 These unprecedented circumstances have meant that the cost of delivering the 10-year investment plan has increased by £600m since last year's business plan.
- 2.8 Delivery of the EESSH 2 programme is expected to reduce energy demand for the average home by 76% providing significant savings for tenants whilst supporting carbon reduction. However, the financial modelling carried out as part of this year's Business Plan review indicates that it will not be possible to deliver improvements to

all our Council homes without increasing rents and securing additional financial support from Scottish Government.

- 2.9 On [22 September 2022](#), City of Edinburgh Council agreed that the planned HRA budget strategy consultation should be re-focused on the financial challenges faced by tenants during the “cost of living” crisis and that the Council leader will write to Scottish Government requesting that the current national rent freeze be extended until rent controls are in place.
- 2.10 As requested by Council, this report sets out the impact of a third rent freeze in 2023/24 and the implications for future years.
- 2.11 A third rent freeze means that a 7.4% per annum rent increase is required over the following five years (from 2024/25 onwards) in order to be able to deliver EESSH2 by 2040 and build more Council homes.
- 2.12 If rent increases were limited to long term Bank of England inflation assumptions (2% p.a.) from 2024/25 onwards the capital investment programme would have to be halved to return the HRA to financial stability. This would mean that less than half of existing homes could be brought up to statutory energy efficiency standards by 2040 and no more homes would be brought into the development programme.
- 2.13 Officers will continue work on development of the HRA Budget Strategy 2023/24 to 2032/33, the draft 2023/24 one-year revenue budget and the capital investment programme for presentation to the Finance and Resources (budget) Committee and City of Edinburgh in 2023.
- 2.14 Council officers will also begin work on development of a plan for consulting tenants on the financial challenges they face to inform the work of the Edinburgh Partnership and Poverty Commission.

3. Background

- 3.1 On [18 February 2021](#), the City of Edinburgh Council approved a £2.8 billion 10-year investment plan in new and existing homes and in response to the pandemic and cost of living crisis, a one-year rent freeze in 2021/22.
- 3.2 This resulted in a reduction of £2.014m in projected gross rental income in 2021/22; with around £94m less funding available over the lifetime of the Business Plan.
- 3.3 On 24 February 2022, Council received a report proposing a below inflation 1.8% rent increase in 2022/23 (2% per annum thereafter) to enable the revised £2.9b 10-year investment programme to deliver Council commitments, including 10,000 Council-led new affordable homes by 2027 and net zero carbon by 2038/39 (eight years later than originally planned).
- 3.4 In light of the ongoing cost of living crisis, Council agreed to freeze rent for a second year in a row instead.
- 3.5 The report also highlighted that a minimum of 2.5% per annum rent increases would be required over the subsequent four years (2023/24 to 2026/27) to mitigate the

loss of income caused by the second rent freeze and to achieve the long-term investment plan based on current assumptions.

- 3.6 As part of the 2022/23 Programme for Government, the First Minister announced on 6 September 2022 that emergency legislation would be introduced to freeze rent with immediate effect till at least 31 March 2023 and a moratorium on evictions. Scottish Government has indicated that it would like to discuss the potential for a “cap” on rent increases in the social rented sector.
- 3.7 Umbrella bodies representing the social housing sector will be engaging with Scottish Government to discuss the support that is needed from Scottish Government to deliver energy efficiency commitments and more affordable homes whilst keeping rents affordable.
- 3.8 On [22 September 2022](#), City of Edinburgh Council agreed a Motion on “Rent Freeze” from the Labour Administration; incorporating an addendum from the SNP Group and an amendment from the Green Group. This is attached to the report at Appendix 1.
- 3.9 This report sets out the implications for the HRA of rising costs and rent freezes. Committee is asked to note that the third rent freeze means that the Council will not be able to deliver statutory energy efficiency commitments and expand the Council’s housebuilding programme without rent increases in future years and substantial Scottish Government subsidy.

4. Main report

- 4.1 The 30-year Housing Revenue Account (HRA) Business Plan 2022/23-2051/52 is the financial framework that underpins the Housing Service. The Business Plan is reviewed annually in consultation with tenants and a five-year Capital Programme and one-year revenue budget are approved by Council.
- 4.2 The HRA annual revenue budget of c.£100m is almost exclusively funded from tenants’ rents (95%), with the remaining 5% coming from 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.
- 4.3 The majority of annual expenditure is on day-to-day service delivery (95%) including staffing and central support costs, repairing and maintaining homes and servicing borrowing of capital investment in previous years.
- 4.4 The remaining c.5% is either used to support capital investment (in-year or placed in a sinking fund for future years) or to build up the contingency. A small contingency, c.10% of operating expenditure, has been built up to date to deal with any emergencies or unforeseen circumstances.
- 4.5 Capital investment is funded through a combination of prudential borrowing, Scottish Government grant funding, capital receipts, in-year revenue surplus and/or sinking fund built up in previous years.

- 4.6 The servicing of borrowing accounts for 37% of annual revenue expenditure. Of which, 34% is fixed expenditure for capital borrowing in previous years, and around 3% is on servicing new borrowing that could be varied depending on the new investment put in place in current and future years.
- 4.7 The Business Plan seeks to make financial provision for the ongoing delivery of core commitments to:
- 4.7.1 Continue to deliver and improve housing management and maintenance services and support tenants to sustain tenancies;
 - 4.7.2 Continue the programme to build 10,000 new affordable Council homes by 2034;
 - 4.7.3 Deliver the Scottish Government's requirement for social housing to meet the ESSH2 standard working towards a target of all Council Homes being brought up to this standard by 2040;
 - 4.7.4 Deliver improvements to mixed tenure blocks to make all blocks with Council tenancies warm, energy efficient, modern and secure;
 - 4.7.5 Deliver an area based approach to design and management of our wider estates aligned to investment in new and existing homes; and
 - 4.7.6 Support and enable large scale regeneration in the city; including the regeneration of Granton waterfront.

Current Financial Context

- 4.8 In 2019/20 the Housing Service delivered the largest ever annual investment programme in Council homes and estates of £110m and was progressing towards delivering net zero carbon by 2030 and 20,000 affordable homes by 2027/28. The pandemic had an immediate impact on delivery of the capital programme with site closures and additional health and safety measures resulting in elongated programmes and increased costs.
- 4.9 These challenges were compounded in 2021/22 by supply chain disruption, shortages of materials, labour, contractor availability leading to sharp increases in costs. The subsequent 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 our core landlord services has increased alongside increases in borrowing costs for capital works.
- 4.10 The financial capacity of the HRA to fund the long-term delivery has deteriorated significantly. Assumptions used in the Business Plan have been reviewed and updated to reflect the latest operating environment.
- 4.11 The last HRA Budget Strategy approved by the Council in February 2022 included a 10-year £2.9b capital programme and £1.2b revenue programme. Key changes listed below have resulted in a significant increase in HRA expenditure. To deliver the same outcomes over the next 10 years is now projected to cost £3.5b in capital (20% increase on last year's plan) and £1.4b in revenue (17% increase on last year's plan). These include:

- 4.11.1 **Cost of delivering services** (inflationary increases, staff cost increases, and electricity costs). Inflation is currently assumed to be 7.8% in 2023/24 and electricity costs for operating Housing Service workplaces are estimated to increase by 29% in 2023/24, while Employee Costs Inflation has been updated to align Council's General Fund business plan;
- 4.11.2 **Cost of borrowing to fund capital investment.** The assumption for pooled interest rate for capital borrowing has been increased from 3.8% to 4.0%. The most recent trend suggests that this has increased further to 4.5%. For every 0.1% increase, the gross deficit would increase by c.£39m over the 30-year plan period;
- 4.11.3 **Delays in financial efficiencies** coming from the Housing Service Improvement Plan are now expected to take longer to be realised due to the pandemic;
- 4.11.4 **New build programme cost increases.** Increasing cost in materials, workforce and land. There is a 28% increase in assumed build cost (excluding land costs) per home (£230,000) based on the most competitive tender prices for recent housing projects. Although the affordable housing grant has increased, it still leaves a considerable gap when compared to the increase in assumed development costs; and
- 4.11.5 **Bringing existing homes up to EESSH2.** Detailed design principles work is well underway and able to inform more accurate cost assumptions. The average whole house retrofit costs to achieve EESSH2 standards has increased from £30,000 to £56,000 per home.
- 4.12 The impact of the increasing costs set out above, as well as the reduction in income as a result of two consecutive rent freezes, means that the business plan goes into considerable deficits over the next few years unless mitigating measures are implemented.
- 4.13 Unless rents are increased significantly or there is a substantial injection of grant funding from Scottish Government to support energy efficiency investment, we will not be able to deliver on the commitments set out in 4.7 above. The scale of mitigations required are set out in the Financial Impact section below.
- 4.14 Many of our tenants have seen their household income reduced (or interrupted) as a result of the pandemic, requiring help from welfare benefits, such as Universal Credit, to pay for their rents. The costs of living crisis further increased the financial pressures of our tenants, which in turn affects rent collection, thus rental income to the HRA.
- 4.15 Private rents have increased by an average of 4.5% a year over the last five years and 15.1% in the last year alone, while the average rent for local authority landlords has increased by 2.4% a year and average housing associations' rent has increased by 2.6% a year over the same period.
- 4.16 For the last five years, Council rents have increased by an average of 1.2%. The average council rent (two-bedroom flat) is 46% below Local Housing Allowance and

62% below the average market rents in the city. City of Edinburgh Council rents are higher than other local authorities but the Council also has the largest housebuilding programme and faces greater challenges in delivering EESSH2 due to the age and make up of our housing stock.

- 4.17 Between 70% and 80% of tenants each year receive assistance with their rent payment responsibilities through Housing Benefit or the housing element of Universal Credit.
- 4.18 Tenants on partial benefit would not have to pay anything extra if the rent charge is increased, as benefits are based on a person's income and ability to pay, not on rent levels.
- 4.19 Therefore, any increase in the rent charge would normally be covered by an increase in the benefit received if there are no other changes in the household circumstances and they are not affected by benefits cap and/or under-occupation reduction.
- 4.20 Based on the price cap announced by Ofgem in August 2022, energy bills were projected to increase by around 80% in Autumn. Since then, the Prime Minister had set out a plan to support people and businesses with their energy bills. The new Energy Price Guarantee means that a typical annual household energy bill will increase to £2,500 instead of £3,549 (Ofgem's price cap) from 1 October 2022. However, this still equals to the average household energy bill doubling (a 96% increase) since October 2021.
- 4.21 Whilst the rent freezes provided relief for some tenants facing financial pressures, it has resulted in a loss of £179m in rental income over the 30-year business plan period (an average of nearly £6m per annum) which could have been used to support over £100m of capital investment in making homes more energy efficient and significantly reducing tenants need to heat their home.

Current Delivery – EESSH2

- 4.22 All social landlords are required to bring homes up to the very ambitious EESSH2. A commission to evaluate a range of retrofit approaches was undertaken over the last 12 months to better understand the costs, technical interventions and delivery challenges linked to these retrofit approaches.
- 4.23 The core findings from the energy modelling exercise outlined that by meeting EESSH2 following a deep whole house retrofit approach, existing energy demand required to heat the home could be reduced by average to 76%. Based on average fuel bills (October 2022 price cap) a two-bed flat could save over £1,000 a year, after a home has been brought up to EESSH2 standards.
- 4.24 An advanced whole house retrofit pilot programme across 10 pilot areas (52 homes) is currently at detailed design stage and will be on site in early 2023. Fabric upgrades/improvement works to meet EESSH2 are currently underway on May and Gunnet Court multi storey blocks. Craigmillar and Peffermill Court are midway through the design process, with Oxcars and Inchmickery Courts about to commence detailed design.

- 4.25 Both design solutions will promote a whole house/block approach to meet EESSH2 and wider block upgrades to include fire doors, communal areas, and foyers, along with wider neighbourhood and environmental improvements around each block.
- 4.26 A dedicated Mixed Tenure Improvement Service (established in 2020) works alongside owners to enable fabric repairs and energy efficiency works to progress. The Mixed Tenure Improvement Programme is now moving into its second delivery phase. To date a total of 123 private and 377 Council homes underwent significant retrofit and improvement works with residents reporting that homes are much warmer resulting in less need for heating.
- 4.27 Six new phases of work are now either underway or planned at Murrayburn, Dumbryden and Hailesland targeting a further 182 private homes and 459 Council homes over the next two years. The MTIS programme is now being rolled out to other targeted areas of the city to enable more Council homes to be brought up to EESSH2 along with wider building repairs and neighbourhood/ environmental upgrades.
- 4.28 A detailed plan for delivery across the whole Council housing estate is currently in development. Based on the work to date, it is estimated that it could cost over a £1b (pre-inflation) over the next 17 years (by 2040) to bring all homes to EESSH2 standards through a deep whole house retrofit approach, with over £730m of investment expected to take place in the first ten years of the business plan.
- 4.29 Whilst this will improve the energy efficiency of homes, reduce carbon and heat demand, which in turn will reduce energy costs, the whole house retrofit costs has nearly doubled from £30,000 to £56,000 per home since last year's business plan, creating significant financial pressure to the HRA.
- 4.30 In January 2022, Scottish Government announced £200m for Social Housing Net Zero Heat Fund (SHNZHF) for all of Scotland over the next five years. The fund is on a first come first serve basis and is based on specific projects.
- 4.31 It sets out that successful projects could claim between 50% and 100% of the total costs. Therefore, it is estimated that the SHNZHF has an average annual budget of £40m for all of Scotland.
- 4.32 Current programme planning would suggest estimated spend of c.£310m over the next five years to bring almost 5,000 Council homes up to EESSH2. Scottish Government Resource Planning Assumptions (RPAs) similar to those provided for the Affordable Housing Supply Programme and would help officers to plan the delivery of the EESSH2 programme.
- 4.33 The Energy Efficient Scotland: Area-based Scheme (EES:ABS) funding from Scottish Government has been integral in driving forward investment in mixed tenure blocks in Murrayburn; helping owners to proceed with works.
- 4.34 Private owners in extreme fuel poverty receive a maximum grant of £13,500 (for flats) to £18,000 (for detached houses) through the scheme. However, even with this funding, the costs to private owners in some of Edinburgh's most deprived areas are likely to be significant.

- 4.35 As such, additional funding and support for owners is essential to continue to drive much needed investment across mixed tenure blocks and reduce the financial constraints that prevent many private owners from progressing with these works.
- 4.36 Committee is asked to agree to increase engagement with Scottish Government to secure additional funding to enable the Council and private owners to invest in improving the energy efficiency of homes.

Current Delivery – new affordable homes

- 4.37 Housing need and demand pressures in Edinburgh continue to increase so building new affordable homes in the city remains a key priority. Within the Council's housebuilding programme, there are currently over 650 new homes on site and under construction and a further 4,063 homes in design and pre-construction stage.
- 4.38 This does not include homes being delivered for private sale or market rent through Council led developments. In addition to the continuation of projects to bring homes to completion stage, such as developments in Dumbryden, North Sighthill and Pennywell, many of the projects have moved from design and procurement into site activity in current financial year.
- 4.39 This includes Fountainbridge, the remainder of the mixed tenure housing site at Powderhall, developments at Coatfield Lane and Cowan's Close, as well as continuing delivery of new homes in Granton.
- 4.40 The commitment for the Council to deliver 10,000 of the 20,000 new affordable homes is included within the Business Plan. It is assumed that 50% of these homes will be for social rent, paid for and retained on the HRA.
- 4.41 The Business Plan assumes that around £380m of Scottish Government grant funding will be available to support the delivery of the social rented homes in the new build programme over the next 12 years (or by 2034). Resource Planning Assumptions are, however, only available for a five-year period (2021/22-2025/26).
- 4.42 Over the next three years Edinburgh's starting allocation for both the Council and Housing Associations is £136m. The scale and pace of the new build programme is at greatest risk over the next few years due to the requirement on social landlords to prioritise investment in existing homes and meet statutory requirements; including ESSH2.

Tenant Engagement and Rent Strategy

- 4.43 On 22 September 2022, City of Edinburgh Council agreed that the annual planned consultation on rent strategy should be refocused on tenants' main financial challenges, which includes rent, energy, effective insulation and food. Council officers will begin work on designing the consultation plan.
- 4.44 Engagement will take place with tenants' representatives and elected members over the coming months to enable the consultation to take place in 2023.
- 4.45 Whilst legislation requires social landlords to consult with their tenants for any rent increase, a longer-term commitment can be put in place to help better plan

investment and give tenants some certainty on what rent they will be paying over a number of years.

- 4.46 Previously, the Council did have agreement on a rent structure (inflation + 2.7%) to meet statutory commitment of bringing homes up to meet the Scottish Housing Quality Standard. A longer term commitment on rents is needed to enable officers to plan investment and to deliver the ESSH2 programme and increase the supply of Council homes. Officers will begin to explore a broad range of mitigating measures in respect of the current rent structure.

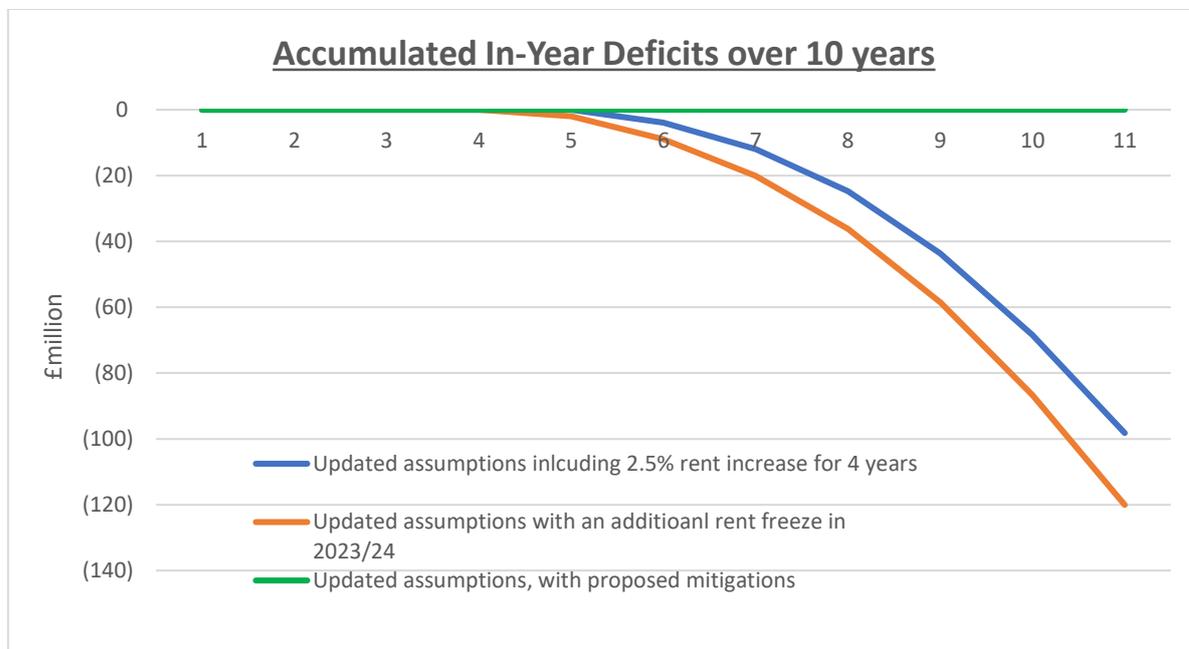
5. Next Steps

- 5.1 Council officers will develop a plan to consult with tenants on the financial challenges they face as a result of the cost of living crisis to inform the work of the Edinburgh Partnership and Poverty Commission.
- 5.2 Housing and Finance officers will work through the impact of not increasing rents for a third year in a row. This will inform the development of the HRA Budget Strategy 2023/24 to 2032/33, draft 2023/24 one-year revenue budget and the capital investment programme that will be presented to Finance and Resources Committee. The City of Edinburgh Council will provide final approval of the capital investment programme.

6. Financial impact

- 6.1 After incorporating the second rent freeze into last year's Business Plan, the gross deficit stood at £55m over the 30-year plan period. The initial review of the 2023/24 business plan assumptions, including 2.5% per annum rent increase for the next four years, has increased the gross deficit significantly to over a billion pounds.
- 6.2 Both the sinking fund and the contingency would be exhausted by 2029/30 if investment continues as planned to meet the overarching objectives set out in paragraph 4.7.
- 6.3 When the HRA experiences an in-year deficit, the sinking fund that has been set aside for "future" capital investment will be called upon to offset the deficit. If the in-year deficit continues for prolonged period of time and exhausts this sinking fund, the contingency will be drawn down to offset the deficit.
- 6.4 As per Scottish Government guidance, the HRA cannot actually be allowed to remain in deficit in any given year. A contribution from the Council's General Fund would be required.
- 6.5 The graph below sets out the current financial impact of delivering the existing commitments (whole house retrofit by 2040 and new affordable homes by 2034). The graph also includes the impact once a third rent freeze is applied instead of an assumed 2.5% rent increase.

- 6.6 The third rent freeze reduces rental income by c.£121m over the 30-year plan period, an average of just over £4m a year, which could be used to support a capital borrowing of £69m. Rent increases of 7.4% would be required over the following five years to be able to deliver the commitments in full.



- 6.7 All tested scenarios show that significant interventions would be required to bring the gross deficit down to a manageable level. With no rent increase applied in 2023/24 then one of the following or a combination of the following measures will need to be implemented:

- 6.7.1 **Increasing rents:** Rents would have to be increased by 7.4% per annum for the following five years (2024/25 to 2028/29) in order to be able to deliver on current commitments;

OR

- 6.7.2 **Increase government funding:** Funding of c.£61m per annum until 2040 would be required to support the delivery of ESSH2 and enable rent increases to be limited to the Bank of England inflationary target of 2% from 2024/25 onwards. It is estimated that the SHNZHF has an average annual budget of £40m for all of Scotland and the Council will need to submit bids for a share of this funding.

OR

If rents are not increased or significant grant subsidy received, then the following mitigations would have to be applied to ensure the HRA does not go into unsustainable deficit over the next five years.

- 6.7.3 **Stopping the new build programme:** All the homes currently in design and development would be taken forward (c.2,600 social rented homes), but no new homes would be brought into the programme.

AND

- 6.7.4 **Reducing energy efficiency investment in existing homes:** The programme would have to reduce by c.50%. Which could mean a reduction in the scope of the planned works and/or that around half our estate would not meet the statutory compliance of EESSH2.
- 6.8 Elongating delivery of the programme was investigated and discounted. Delivering capital investment commitments over a longer period would not be enough to help bring the Business Plan back into a healthy position.
- 6.9 There is already an ambitious service efficiency target as part of the Housing Service Improvement Plan and therefore any additional revenue saving would have to come through service reduction.
- 6.10 As part of the agreed Motion as amended, *“the Council Leader will write to the Scottish Government requesting that the rent freeze across private and social rented homes is maintained until rent controls are in place”*. The draft timescale for a national rent control system to be implemented is 2025. Three year rent freezes in 2023/24 to 2025/26, followed by one year of 2.5% in 2026/27, before returning to 2% p.a, would reduce revenue income by £347m over the Business Plan period and the gross deficit would increase by £331m with the HRA going into in-year deficit in 2026/27.
- 6.11 In respect of the HRA, the council, as a landlord, has responsibility for ensuring the HRA operates in accordance with the **Prudential Code** but also that HRA capital investment plans are affordable, sustainable and prudent. This means that they must consider the implications of capital expenditure on council rent levels when deciding whether to borrow to fund capital investment plans.
- 6.12 In the worst case scenario, where all HRA reserves have been exhausted and a reduction of capital investment was still not sufficient to balance the HRA, this would mean that funding would be required from the General Fund and/or services to tenants reduced in order to balance the HRA.
- 6.13 A longer-term Council rent commitment combined with RPAs from Scottish Government for the EESSH2 programme are needed to enable officers to plan investment over a five and ten year period. Meanwhile officers will continue to explore a broad range mitigating measures within the current rent structure to help inform future tenant consultation. The HRA budget strategy and draft capital programme will be presented to the Finance and Resources (budget) Committee and City of Edinburgh Council.

7. Stakeholder/Community Impact

- 7.1 There is a regular programme of tenant engagement and customer insight. This includes regular satisfaction surveys, focus groups, tenant panels, tenant led service inspections and scrutiny, resident and community meetings.

- 7.2 Officers will develop a plan for consulting tenants on the financial challenges that they face. Progress with the development of the consultation plan and the consultation timetable will be reported to Committee in the Business Bulletin.
- 7.3 Legislation requires social landlords to consult with their tenants for any rent increase; however, no consultation is required if there are no proposed changes to rent levels. A minimum of six weeks is required for Council consultations; as specified in the first [Consultation Policy Annual Review](#).

8. Background reading/external references

- 8.1 [Housing Sustainability Update](#) - Homeless and Fair Work Committee, 3 June 2021.
- 8.2 [Strategic Housing Investment Plan \(SHIP\) 2022-27](#) - Housing, Homeless and Fair Work Committee, 4 November 2021.
- 8.3 [Housing Revenue Account \(HRA\) Budget Strategy \(2022-23\)](#) - City of Edinburgh Council, 24 February 2022.
- 8.4 [Mixed Tenure Improvement Service Pilot Progress](#) - Finance and Resources Committee, 3 March 2022.
- 8.5 [2022/23 Housing Revenue Account \(HRA\) Capital Programme](#) - Housing Homeless and Fair Work Committee, 24 March 2022.
- 8.6 [Update on the Housing Service Improvement Plan](#) - Housing Homeless and Fair Work Committee, 4 August 2022.

9. Appendices

- 9.1 Appendix 1 - Approved Amended Motion on "Rent Freeze".

The Motion (as amended)

City of Edinburgh Council

22 September 2022

Item 8.7 – By Councillor Meagher – Rent freeze

“Council”:

- 1) Notes the Scottish Government’s intention to introduce emergency legislation which freezes rents for private and social rented homes until at least the end of March 2023.
- 2) Notes that planned consultation on rent policy with council tenants is imminent, with any agreed rent increase due to come into place on April 1st, 2023.
- 3) Notes that council rents in Edinburgh remain the highest in Scotland.
- 4) Agrees that given the above, and in the context of the Cost of Living Crisis and the Climate Crisis, that the planned engagement exercise with council tenants should be refocused on tenant's main financial challenges in relation to that crisis, which includes rent, energy, effective insulation and food, and that Living Rent members be included in the consultation, the results of which can inform the Edinburgh Partnership and Poverty Commission.
- 5) Requests a report to next Housing Homelessness and Fair Work Committee on the implications of a rent freeze for council tenants in 2023/24, and the subsequent impact of this freeze on the HRA across 2023/24, 2024/25, 2025/26.
- 6) Requests a report to the next Housing, Homelessness and Fair Work Committee on the implications of a rent freeze for Edinburgh Living tenants in 2023/24.
- 7) Notes that detailed information on the financial status of the HRA has not been shared outwith the administration.

- 8) Agrees that that the reports outlined in points 5 and 6 include detailed information setting out the administration's financial strategy that will ensure:
- The council housebuilding programme continues as agreed in February 2022, with no reduction in the £1.2bn committed to new homes development and costs up until 2027.
 - That the EESSH 2 targets are met, retrofitting existing council homes to high energy efficiency standards and there is no delay in delivery of this programme in full by 2032.
 - That there will continue to be capacity to invest in the repairs service, improving service standards and the quality of repairs.
- 9) Agrees that the Council Leader will write to the Scottish Government requesting that the rent freeze across private and social rented homes is maintained until rent controls are in place.
- 10) Agrees that the Council Leader will write to the Scottish and UK Governments, detailing the scale of Edinburgh's housing crisis, and requesting both emergency and long-term funding to allow the council to purchase and build more homes for social rent.

Moved by Councillor Meagher

**Seconded Councillor Watt
by**