

# Housing and Economy Committee

10.00am, Thursday, 21 March 2019

## Housing Revenue Account Capital Programme 2019/20

Item number	8.4
Executive/routine	
Wards	All
Council Commitments	

### 1. Recommendations

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- 1.1 It is recommended that the Housing and Economy Committee:
- 1.1.1 approves the 2019/20 Housing Revenue Account (HRA) capital programme for investment of £108.954 million in new homes, existing homes and services, and external fabric and estates, as detailed in appendix 1; and
  - 1.1.2 agrees the content of this report discharges the remit of the motion approved at Housing and Economy Committee on [1 November 2018](#).

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Executive Director of Place

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## Housing Revenue Account Capital Programme 2019/20

### 2. Executive Summary

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- 2.1 This report sets out a £108.954 million HRA capital programme for 2019/20, approved as part of the HRA Budget Strategy at Council on [21 February 2019](#). This shows a 35% increase on last year's approved capital programme and is the largest annual capital investment programme in Council homes.
- 2.2 The strategy, developed in consultation with tenants, aims to expand and accelerate the development of affordable and low-cost housing; to improve tenants' homes and upgrade the external fabric of mixed tenure buildings and estates.
- 2.3 On [1 November 2018](#), Housing and Economy Committee approved a motion which requested a detailed breakdown of investment plans for Council homes, including budgets, workplans and timescales broken down by ward and neighbourhood. This report responds to the motion and sets out investment over the last five years and priorities within the capital investment programme going forward.
- 2.4 In the final quarter of this financial year, a major contractor went into administration. Work is underway to assess the full impact of the loss of McGills & Co Ltd on the 2018/19 and 2019/20 programmes. A new contractor will be appointed through existing frameworks or as part of a separate procurement exercise.
- 2.5 The 2018/19 Capital Programme is currently projecting slippage of around £4 million at year end, as a result of, the loss of McGills & Co Ltd; as well as, delays in some contract starts and gaining necessary agreement to progress improvement works in mixed tenure blocks. The HRA capital programme will be reported to Finance and Resources Committee in August 2019 and an update provided to this committee; as part of the month 3 Financial Monitoring report for Place.

### 3. Background

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- 3.1 On [7 June 2018](#), Housing and Economy Committee approved the 2018/19 HRA capital programme for investment of £80.934 million in new homes, existing homes and services, and external fabric and estates. This was an 11% increase on the previous year's approved capital programme.
- 3.2 On [30 August 2018](#), Housing and Economy Committee considered a report on the HRA budget strategy and agreed to seek tenants' views on the HRA budget plan for

2019/20. The report highlighted the increasing financial and operational pressures that the HRA faced, and a comprehensive review on the business plan was required to ensure its long-term viability to deliver the priorities identified.

- 3.3 On [21 February 2019](#), the Council approved the five-year HRA Budget Strategy 2019/20 to 2023/24. In addition to this, Council approved a draft 2019/20 capital budget, five-year capital investment programme and 30-year Business Plan.
- 3.4 The strategy included a three-year housing service improvement plan which focuses on redesigning services to be more efficient and be more responsive to customer needs, with a strong emphasis on digital accessibility and functionality. Investment to date in frontline staff resources and service development needs to be matched with investment in systems changes; including re-design of operational processes for core services, investment in suitable ICT and digital infrastructure and staff training and development. This investment is needed to reduce costs, increase productivity and improve customer satisfaction.
- 3.5 The Budget Strategy was informed by an extensive programme of consultation and engagement with tenants including an annual survey, focus groups, tenant panels, tenant led service inspection and scrutiny, resident and community meetings. As well as, a dedicated annual budget consultation exercise designed and delivered in partnership with the Tenant's Panel.
- 3.6 On [1 November 2018](#), Housing and Economy Committee accepted a motion requesting a report providing members with a detailed breakdown of investment plans for Council homes, including budgets, workplans and timescales broken down by ward and neighbourhood once the capital and revenue budgets for 2019/20 had been approved by Council.

## 4. Main report

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- 4.1 The Budget Strategy 2019/20 to 2023/24, approved by Council in [February 2019](#), is based on the following three priorities:
  - 4.1.1 expand and accelerate the development of affordable and low-cost housing;
  - 4.1.2 continue to modernise existing Council homes and neighbourhoods; and
  - 4.1.3 transform front line services to tenants to tackle inequality and reduce their cost of living.
- 4.2 In addition to the commitments set out above, all Council homes need to meet Energy Efficiency Standards for Social Housing (EESH) by December 2020. Also, by 2020, all homes will have benefited from internal modernisation programmes. The commitment to replace all kitchens and bathrooms over 20 years old is on track to be delivered by 2020.
- 4.3 On 21 February 2019, Council approved an £874 million draft five-year capital investment programme and one-year budget. This report sets out the detailed £108.954 million HRA capital programme for 2019/20 to build new homes, purchase land for new housing development, improve tenants' homes and services and

upgrade external fabrics and estates. This is the largest capital programme ever put forward to committee and is a 35% (£29 million) increase on last year's approved capital investment programme. Around a fifth of this year programme will be delivered in parallel with the implementation of the Mixed Tenure Improvement Strategy that was approved by Housing and Economy Committee on [24 January 2019](#).

### **Improving Existing homes and Estates**

- 4.4 Over the last five years £130 million has been invested to improve existing homes and estates. This has resulted in almost 29,000 improvement measures being delivered to homes. Appendix 3 breaks down this investment by measure and by locality to show the spread and a variety of improvements across the whole Council estate.
- 4.5 The HRA Business Plan assumes investment of around £20,000 per home over the next 15 years to ensure tenants homes and neighbourhood are of the same quality as new homes and estates.
- 4.6 The improvement programme is currently based on the following criteria:
  - 4.6.1 **Customer priorities:** Tenants are consulted on key priorities for investment as part of the annual budget strategy. Tenants have highlighted quality of common areas, outside of homes and their wider neighbourhood, including messy stairwells, poor lighting, rubbish chutes and fly tipping as being key improvement areas;
  - 4.6.2 **Health and Safety:** Ensuring that all homes are safe and secure. This includes investment in fire safety, electrical upgrades, water tank replacements etc. This has been increased over the last few years following the Grenfell tragedy;
  - 4.6.3 **Statutory compliance:** Ensuring that all homes meet national quality and energy efficiency standards. All homes, where practicable, were brought up to Scottish Housing Quality Standards (SHQS) by 2015. All homes need to meet EESSH by 2020. There as an estimated £35 million investment required over the next two years to meet this standard; and
  - 4.6.4 **Life cycle:** Different components are replaced based on their average life span. In 2016, the Council made a commitment to reduce the projected lifespan of kitchens and bathrooms from 25 to 20 years. All homes should be brought up to this enhanced standard by 2020.
- 4.7 Over half of the 20,000 Council's homes are in mixed tenure blocks where the Council shares responsibility for the repair and maintenance of common areas with home-owners and private landlords. In most cases, the agreement of other owners will be required to decide which repair work should be taken forward. Owners are responsible for paying their share of any repairs. The mixed tenure housing improvement strategy approved by committee on [24 January 2019](#) and a service improvement programme, including the development of a revised Scheme of Assistance and a dedicated Mixed Tenure Delivery Team to engage with residents, liaise with owners and to progress mixed tenure projects.

- 4.8 The 2019/20 core capital investment budget includes the £35.632 million approved by Council on 21 February 2019. The programme is expected to deliver:
- 4.8.1 600 homes with new kitchen and bathrooms;
  - 4.8.2 1,000 homes with new modern heating systems;
  - 4.8.3 870 homes with new doors and window upgrades;
  - 4.8.4 500 homes with electrical and smoke alarm upgrades;
  - 4.8.5 200 homes with new water tanks;
  - 4.8.6 250 homes with external fabric upgrades;
  - 4.8.7 100 homes with a major adaptation;
  - 4.8.8 200 blocks secure door entry and CCTV upgrades; and
  - 4.8.9 100 locality environment projects.
- 4.9 As a result of, a major contractor going into administration in the final quarter of the year, as well as, delays in some contract starts and gaining necessary agreement to progress improvement works in mixed tenure blocks the 2018/19 Capital Programme is projecting slippage of around £4 million. Work is underway to assess the full impact of the loss of McGills & Co Ltd on the 2018/19 outturn and 2019/20 programme. There is approximately £4.6 million works already under contract that will not conclude and an additional £1.7 million due to start before financial year end to deliver new kitchen and bathrooms, electrical and heating upgrades. A new contractor will be appointed either through existing frameworks or as part of a separate procurement exercise to manage this slippage. A full update will be reported to Finance and Resources Committee in August 2019.
- 4.10 All Council homes need to meet EESSH by December 2020. It is estimated that 70% of all Council homes will meet this standard at the end of 2018/19, a 23% increase on 2017/18 levels. It is estimated that the remaining c.5,900 homes will require around £35 million of investment over the next 21 months, to be brought up to standard. An element of homes could be held as 'temporary exemptions' where, for example, construction or design features of homes mean that existing energy efficiency measures are unsuitable, they are listed buildings, the cost of installing measures would far exceed any possible benefit to tenants or where tenants and/or owner occupiers refuse to participate. This year's budget includes over £14 million investment in new heating systems, improved insulation, new windows and doors to enable homes to meet this standard.
- 4.11 Currently around 16,000 (81%) Council homes fully comply with the SHQS. A further c.900 (4%) are permanently exempt due to technical, disproportionate cost or legal reasons. Around 15% (c.3,000) of homes are considered to be in abeyance, as they meet most of the 54 elements that make up SHQS. However, the main reason for non-compliance is the absence of door entry systems in 1,290 mixed tenure blocks. This year's programme includes around 200 door entry installations and a plan is underway to ensure the majority of blocks are fully compliant over the following two years.

4.12 The HRA will support the main door entry infrastructure in the blocks, with owners billed for the cost of the connections to the system within their individual homes. This is expected to encourage owner agreement for the installations and for the essential access to be provided to their homes for handsets to be connected.

### **Accelerating the development of new affordable housing**

4.13 The Council and housing associations are working towards the delivery 20,000 affordable homes over 10 years. The five-year HRA capital investment programme includes £677 million of investment towards the Council's own 10,000 homes target. This includes investment in new affordable homes within mixed use developments on strategic sites; such as Fountainbridge and investment for continuing the regeneration of Craigmillar and Muirhouse Pennywell.

4.14 The HRA funded house building programme has been growing annually, with around 1,600 homes completed or under construction this year. More than 1,000 homes are currently under construction across the city at Pennywell, North Sighthill, Greendykes, Craigmillar, and small sites (Crewe Road Gardens, Dumbryden, Hailesland and Royston); and new homes are expected to be completed in 2019/20 at Pennywell, North Sighthill, Royston and Drumbryden. A further 3,000 homes are in design development stage.

4.15 In 2019/20, site starts are expected in Leith (Coatfield Lane), Dumbryden, Muirhouse (Silverlea), Bingham and Parkview with design development and enabling works anticipated at Fountainbridge and Western Villages as part of the wider regeneration of the Granton waterfront. The 2019/20 budget includes £28.2 million for land acquisition. This is for the purchase of sites from other landowners, as well as, the transfer of sites from the General Fund to the HRA. Appendix 3 breaks down completions by locality in 2019/20 and over the last five years.

### **Transforming front line services to tackle inequality and reduce living costs**

4.16 Taking into account the financial hardship many tenants face, this year's capital programme supports services to tenants' homes that aim to reduce their cost of living. In addition to the new Energy Advice service and the ongoing procurement of the expanded Tenant Discount Scheme the budget sets out capital investment to expand the network of community gardens in the city and enabling tenants to access free or low cost digital access.

4.17 A Digital Connections pathfinder project to provide digital infrastructure to around 300 Council tenants is under development. The longer-term objective is to provide all Council tenants with affordable digital access as part of the service they receive from the Council. Opportunities to provide this as part of the new-build housing programme are under consideration and engagement with the market will continue to identify a suitable provider.

4.18 The Council currently has 23 community garden and food growing initiatives located on HRA land across the city and further initiatives are in the process of being developed as part of the housing development programme and through existing Neighbourhood Environment Programmes (NEPs). New projects have been

identified in the Hutchison and Loganlea areas and local teams are in the process of carrying out the necessary community consultation to gauge interest.

## 5. Next steps

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- 5.1 Monthly spend profiles will be developed based on the approved budget. Spend and delivery against budget will be monitored by officers on a monthly basis. Updates will be reported to through regular monitoring reports to Finance and Resources Committee at Period 5 and 8.
- 5.2 Work is underway to assess the full impact of the loss of McGills & Co Ltd on the 2018/19 outturn and 2019/20 programme. A new contractor will be appointed either through existing frameworks or as part of a separate procurement exercise to manage this slippage. This will be reported to Finance and Resources Committee in August 2019 with an update provided to this committee in the month 3 financial monitoring report for Place.
- 5.3 The annual review of the HRA Business Plan will begin in May 2019. Assumptions will be benchmarked against peers and where relevant, include market and industry standard projections. Tenants and elected members will be consulted on their investment priorities for 2020/21 onwards.

## 6. Financial impact

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- 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 £108.954 million HRA capital programme for 2019/20, approved as part of the HRA Budget Strategy at Council on 21 February 2019.
- 6.3 The 2018/19 Capital Programme is projecting slippage of around £4 million at year end, as a result of, a major contractor going into administration in the final quarter of the year, as well as, delays in some contract starts and gaining necessary agreement to progress improvement works in mixed tenure blocks. Work is underway to assess the full impact of the loss of McGills & Co Ltd on the 2018/19 outturn and 2019/20 programme. There is approximately £4.6 million works already under contract that will not conclude and an additional £1.7 million due to start before financial year end to deliver new kitchen and bathrooms, electrical and heating upgrades. A full update will be reported to Finance and Resources Committee in August 2019.
- 6.4 It should be noted that 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 Council's approved [Treasury Management Strategy](#) and is provided for on an overall programme basis rather than for individual capital projects.

6.5 As per appendix 2 the report outlines a revised borrowing requirement of £59.511 million in 2019/20. The overall loan charges associated with this requirement, over a 20-year period for improvement in existing homes and estates and 30-year period for building new homes, would be principal amount of £59.511 million and interest of £49.074 million, resulting in total cost to the HRA of £108.585 million. Based on a loans fund interest rate of 5.00%, the annual loan charges would be £4.373 million for the first 20 years. This includes the borrowing costs for the construction of homes for Edinburgh Living LLP which will be recovered from them. The impact of this increased borrowing level can be contained within the approved HRA revenue budget.

### Risks to programme delivery

6.6 The £108.954 million HRA capital programme for 2019/20 is the largest HRA capital programme ever put forward to committee. The top five risks to the delivery of the 2019/20 delivery programme and mitigations are:

Risk	Mitigation
<p>Programme management capability and capacity to deliver the growth of the capital programme</p>	<p>Monthly spend profiles will be developed based on the approved budget. Spend and delivery against budget will be monitored by officers on a monthly basis.</p> <p>A comprehensive review of programme and project management is underway as part of the wider Housing Service Improvement Plan. An update on the Improvement Plan will be provided to Housing and Economy Committee in June 2019.</p>
<p>The delivery of the programme and meeting EESSH is heavily reliant on owner engagement and agreement to progress work. Around a fifth (£7 million) of the 2019/20 core capital programme is reliant on owner agreement to progress.</p>	<p>The Mixed Tenure Improvement Strategy was approved by Housing and Economy Committee on 24 January 2019. This includes the development of a revised Scheme of Assistance and a dedicated Mixed Tenure Delivery Team to engage with residents, liaise with owners and manage mixed tenure projects.</p> <p>The 2019/20 programme will deliver the first phase of improvements to mixed tenure homes through provision of door entry systems as set out at paragraph 4.12 and smaller projects where owner engagement can be taken forward through existing teams.</p>
<p>The capital programme could be delayed due to contractor capacity to deliver, as well as external factors, such as poor weather and economic uncertainties associated with Britain leaving the European Union.</p>	<p>Work is underway to assess the full impact on the 2018/19 outturn and 2019/20 programme of McGills &amp; Co Ltd going into administration. A new contractor will be appointed either through existing frameworks or as part of a separate procurement exercise to manage this slippage. A full update will be reported to Finance and Resources Committee in August 2019.</p>



	<p>Regular contract management meetings will be held with contractors alongside comprehensive project and programme management.</p> <p>Any in year slippage will be spent in full within the three-year rolling budget and programme.</p>
<p>Construction and development costs have increased and are forecast to increase further in the coming years; primarily due to the cost of labour and materials.</p>	<p>A housebuilder framework is being procured to allow quick access to contractors and greater cost certainty for smaller sites. Larger opportunities; such as Granton, create an opportunity to secure efficiencies and drive forward transformation in how buildings are designed, built and maintained.</p>
<p>Securing control of sites for development.</p>	<p>The capital investment programme contains funding for strategic site acquisition and opportunities to purchase private sector sites will continue to be monitored and explored, whilst work continues with public sector partners to secure more land for development.</p>

## 7. Stakeholder/Community Impact

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- 7.1 The Capital Investment Programme is underpinned by the three priorities set out in the HRA Budget Strategy – More Homes, Better Homes and Neighbourhoods and Better Services and reflects tenants’ priorities identified through the consultation process.
- 7.2 Each year the views of tenants are sought on the HRA budget strategy, investment plan, service improvements and associated rent levels. The approach to engaging tenants on the budget is reviewed annually by a working group of tenants and officers, the Rent Matters Working Group (RMWG). The RMWG is supported by Edinburgh Tenants Federation (ETF). The number of tenants engaging in the budget consultation has significantly increased since the formation of the RMWG.
- 7.3 Consultation on the 2019/20 budget took place in 2018. All tenants were sent information on the budget proposals, service improvements and rent levels. Individual responses were received from 1,187 tenants (out of around 19,000 tenants who were invited to provide views). This includes 1,001 tenants who took part in a detailed survey, commissioned by, but carried out independently of Council staff. Other responses were received on line and via social media, from postcards, cut outs from newsletters and local events.
- 7.4 Tenants continued to demonstrate strong support for building new homes, improving homes and services and stable and affordable rents.
- 7.5 The Council has a statutory requirement to maintain homes to the SHQS and the EESSH which forms part of the capital investment programme.

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

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- 8.1 Mixed Tenure Improvement Strategy Update, Housing and Economy Committee on [24 January 2019](#)
- 8.2 HRA Budget Strategy 2019 -2024, Finance and Resources Committee on [1 February 2019](#)
- 8.3 City Housing Strategy 2018, Housing and Economy Committee on [2 November 2017](#)
- 8.4 Strategic Housing Investment Plan (SHIP) 2018-23, Housing and Economy Committee on [2 November 2017](#)

## **9. Appendices**

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- 9.1 Appendix 1 - HRA Capital Investment Programme 2019/2020.
- 9.2 Appendix 2 - HRA Revised Resources 2019/2020.
- 9.3 Appendix 3 - Capital Investment Programme by Locality

## Appendix 1 – HRA Capital Investment Programme 2019/20

The Council approved the five-year HRA Budget Strategy 2019/24 at its budget meeting on 21 February 2019. The table below sets out the detailed £108.954 million HRA capital programme for 2019/20 to build new homes, improve tenants' homes and services and upgrade external fabrics and estates. Inflation has been included in the figures where appropriated. This budget represents a 35% (£29 million) increase on last year's programme.

Category	Programme	Revised Budget (£m)	Commentary
New Homes	<b>New Homes Development</b>	<b>43.835</b>	<b>To fund construction of over 1,000 affordable and low costs homes across the city, which will be completed by 2022; and preparation/pre-construction work for pipeline projects.</b>
	<i>Pennywell (Phase 3 &amp; Town Centre)</i>	<i>12.007</i>	<i>Continuing the phased regeneration of Pennywell. A total of 329 affordable homes to be delivered by 2021/22.</i>
	<i>North Sighthill</i>	<i>3.625</i>	<i>184 new affordable homes with first completions from Spring 2019.</i>
	<i>Small Sites</i>	<i>6.549</i>	<i>118 affordable homes have been completed to date. Further completions at Hailesland, Crewe Road Gardens and Dumbryden, are expected in 2019/20.</i>
	<i>Craigmillar</i>	<i>9.850</i>	<i>Includes the development in town centre and Greendykes Phase G. 75 new homes will be completed in Greendykes by Spring 2019.</i>
	<i>Leith Coatfield Lane</i>	<i>2.239</i>	<i>Construction of 32 social rented homes, expected to be completed by 2020/21.</i>
	<i>Dumbryden Phase 2</i>	<i>3.053</i>	<i>Construction of 49 affordable homes, expected to be completed by 2020/21.</i>
	<i>Muirhouse Silverlea</i>	<i>0.509</i>	<i>Mixed tenure development of 141 homes, procurement exercise to commence early 2019/20.</i>
	<i>Bingham Avenue &amp; Parkview</i>	<i>1.577</i>	<i>Construction of 70 affordable homes, due to commence in 2019/20.</i>
	<i>Fountainbridge</i>	<i>1.017</i>	<i>Spend will focus on delivery of enabling works prior to appointment of delivery partner.</i>
	<i>Pre-construction work/design development</i>	<i>3.409</i>	<i>Includes design development at Granton, Powderhall and other pipeline sites which will be transferred to the HRA.</i>
	<b>Land Acquisitions</b>	<b>28.200</b>	<i>Land will be transferred from General Fund to HRA to allow new housing developments to commence. Land acquisition from the private sector or public sector to support the delivery of 20,000 affordable homes will also be explored.</i>
<b>New Homes Subtotal</b>		<b>72.035</b>	

Existing Council homes & neighbourhoods	<b>Modernisation in homes</b>	<b>9.231</b>	<b>To fund general Improvement work inside tenants' homes.</b>
	<i>Kitchens and Bathrooms</i>	3.927	<i>600 homes will benefit from new kitchens and bathrooms.</i>
	<i>Rewiring</i>	1.224	<i>500 homes will have their electrics upgraded.</i>
	<i>Adhoc internal upgrades (including Empty Homes)</i>	3.060	<i>Capitalisation of repairs and the upgrades of homes when they become vacant.</i>
	<i>Community Care (adaptations)</i>	1.020	<i>Approximately 100 major and 700 minor adaptations to enable tenants to remain at home. The budget remains flexible to respond to demand.</i>
	<b>Improving Energy Efficiency</b>	<b>14.096</b>	<b>To fund work that increases energy efficiency of homes, which contributes to meeting EESSH by 2020.</b>
	<i>Windows &amp; External Doors</i>	2.652	<i>870 homes will benefit for energy efficient windows and external doors.</i>
	<i>Gas &amp; Electric Heating</i>	2.754	<i>1,000 homes will have energy efficient gas heating systems installed.</i>
	<i>External Fabric (High &amp; Low Rise)</i>	8.690	<i>Around 160 homes will benefit from a combination of insulation &amp; external render measures required to bring homes up to EESSH. Two multi-storey blocks (96 homes), will benefit from of insulation &amp; external render this year, with 4 more blocks in development.</i>
	<b>Health and Safety (water tanks and fire safety)</b>	<b>4.386</b>	<b>To progress improvement work identified from the fire safety review on high rise blocks and replace water tanks in stairs that pose a flooding risk.</b>
	<i>Water Tanks</i>	0.306	<i>200 homes will have their communal water tank replaced.</i>
	<i>Fire Safety</i>	4.080	<i>Fire safety related enhancements deriving from the review carried out in 2017/18.</i>
	<b>Core Housing Improvement (communal work)</b>	<b>2.652</b>	<b>To fund general Improvement work in communal area of blocks.</b>
	<i>Secure Door &amp; CCTV</i>	1.632	<i>200 blocks will receive secure door entry systems, along with small scale communal upgrade such stair painting and stair windows replacement.</i>
	<i>Multi-Storey Services</i>	1.020	<i>Maintenance of lifts &amp; other services within 44 multi storey blocks.</i>
	<b>Place making &amp; service transformation (including Neighbourhood Environmental Investment)</b>	<b>3.366</b>	<b>Includes £2.040m to fund small-scale, community led neighbourhood improvement projects and funding for feasibility studies into improvements in mixed tenure blocks across the four localities. As well as, £0.102 million for a Digital Connections pathfinder project and expansion of food growing and community gardens, with an aim of reduce tenants' living costs.</b>
<b>Existing Council homes &amp; neighbourhoods Subtotal</b>	<b>33.731</b>		

Resources	<b>Staff Costs</b>	<b>3.188</b>	<b>Staff costs associated with delivering the Capital Investment Programme. In addition to the assumed 3% increase on staff costs, resources have been increased to allow recruitment of more staff to deliver the expanding investment programme.</b>
<b>Resources Subtotal</b>		<b>3.188</b>	
<b>Grand Total</b>		<b>108.954</b>	

## Appendix 2 – HRA Revised Resources 2019/20

Resources	£ million
Prudential Borrowing*	£59.511
Capital Funded from Current Revenue (CFCR) & Strategic Housing Investment Fund	£23.000
Capital Receipts and Contributions	£4.517
Receipts from LLPs**	£13.400
Scottish Government Subsidy (Mid Market)	£1.716
Scottish Government Subsidy (Social)	£6.810
<b>Total Resources</b>	<b>£108.954</b>

\* On 21 February 2019, Council will be asked to approve the HRA Capital resources for 2019/20, this included a prudential borrowing figure of £57.795 million. This figure had not been adjusted to match inflation in expenditure and as result the actual figure for 2019/20 is £59.511 million. The impact of borrowing at this level is assumed in the HRA business plan and approved revenue budget for 2019/20. Borrowing of £59.511million was assumed in the Prudential Indicators received by Council on 21 February 2019.

\*\*The budget for new build housing includes the upfront capital costs for all Council led developments that contribute to the 10,000 affordable homes, including homes for mid market and affordable market that will be purchased by the Council's new Limited Liability Partnerships (LLPs). This has no impact on the HRA as interest payments are deferred until the homes are purchased.

### Appendix 3 – Capital Investment Programme by Locality

Over the last five years around £130 million has been spend on existing homes, delivering over 29,000 individual improvements and over £50 million has been invested to build over 400 new homes. The table below sets out the number of new homes and improvements to existing homes by locality over the last five years and projected completions in 2019/20.

Improvements	North West		North East		South East		South West	
	Last Five years (2014/15 to 2018/19)	This Year 2019/20	Last Five years (2014/15 to 2018/19)	This Year 2019/20	Last Five years (2014/15 to 2018/19)	This Year 2019/20	Last Five years (2014/15 to 2018/19)	This Year 2019/20
	Homes	Homes	Homes	Homes	Homes	Homes	Homes	Homes
New Homes (Social & MMR)	290	72	92	75	0	0	37	265
Kitchens & Bathrooms	1,968	28	1,951	38	712	55	2,513	432
New heating systems	1,551	150	1,297	392	1,837	195	1,621	243
New windows	46	23	37	31	329	152	734	580
New doors	224	12	398	28	487	6	222	46
External fabric*	443	29	510	50	516	52	530	29
Adaptations	204	<i>Demand led service</i>	236	<i>Demand led service</i>	133	<i>Demand led service</i>	198	<i>Demand led service</i>
Electrical upgrades**	2,642	140	1,992	125	1,373	90	941	145
Health & Safety (fire safety & water tanks)**	409	117	839	439	542	982	1,407	0
<b>Total***</b>	<b>7,777</b>	<b>571</b>	<b>7,352</b>	<b>1,178</b>	<b>5,929</b>	<b>1,568</b>	<b>8,203</b>	<b>1,798</b>

\*Includes low rise external fabric investment only.

\*\*The 2019/20 programmes for electrical upgrades and water tanks is still to be finalised. A pro-rata split across localities has been assumed.

\*\*\*. 2016/17 data was based on estimates and a pro-rata split of investment in external fabric, new doors and health & safety by locality.