

# Finance and Resources

10:00am, Thursday, 5 March 2020

## Proposed Capital Spend for Compliance Works at Sholamoor and Springfield Cottages, Penicuik

Executive/routine	Routine
Wards	N/A
Council Commitments	<a href="#">41</a>

### 1. Recommendations

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- 1.1 That Committee approves that part of the capital receipt from the sale of the former school staff house, Cockburn Cottage, can be utilised on urgent compliance works at the neighbouring Sholamoor and Springfield Cottages, Penicuik.

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## Proposed Capital Spend for Compliance Works at Sholamoor and Springfield Cottages, Penicuik

### 2. Executive Summary

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- 2.1 The Council owns two former staff houses next to the former City of Edinburgh Council run, Wellington School, near Penicuik. A third house was sold in June 2019.
- 2.2 Both of the remaining houses do not comply with the Scottish Housing Quality Standard and are in need of essential upgrade maintenance. The houses are occupied by the tenants on Scottish Secure Tenancies.
- 2.3 This report seeks approval to utilised part of the capital receipt, from the sale of the third house, to fund upgrade works to the other two properties.

### 3. Background

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- 3.1 The former Wellington School was originally established by the Scottish Office and transferred to the Edinburgh Council at local government reorganisation in 1996. Despite its location near Penicuik, most of the pupils originated from the Edinburgh area. The school is now closed and is in the process of being sold, generating a capital receipt of approximately £1m.
- 3.2 There are three former staff cottages (as shown on the attached plan) located near the former school as follows:
  - 3.2.1 Sholamoor Cottage - This is a detached 1930's three-bedroom dwelling, situated on large plot. It is occupied by an elderly couple, by way of a Scottish Secure Tenancy (SST). This type of tenancy means the occupier has security of tenure for life.
  - 3.2.2 Springfield Cottage - This is a smaller, terraced property which is also occupied under an SST.
  - 3.2.3 Cockburn Cottage - After this property became vacant, it was sold in June 2019 for £130,116. The property was in poor condition and was sold as a redevelopment plot.
- 3.3 The two cottages remaining in Council ownership are in poor condition with Sholamoor being particularly affected. The works for Sholamoor were tendered in 2014, however the works did not proceed due to lack of funding. A further condition report and tender documents were prepared in September 2019. The position,

especially for Sholamoor is now urgent with major issues identified including dry rot in the flooring.

- 3.4 The Housing Act 2004 stipulates a requirement for all Councils to bring residential dwellings up to the Scottish Government's Scottish Housing Quality Standard. The remaining former janitorial houses presently fail the Scottish Housing Quality Standard (SHQS) which means action is required.
- 3.5 In 2017, the Council approached Midlothian Council with a view to agreeing a transfer of the houses, however Midlothian Council were unwilling to accept them due to their poor state of repair.

## **4. Main report**

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- 4.1 The works highlighted within the Scottish Housing Quality Standards report for Sholamoor are all classified as urgent essential upgrades. The estimated cost for these works is approximately £68,000.
- 4.2 An assessment is currently being undertaken of Springfield Cottage and the final cost is not yet available. Given this property is in better condition, it is anticipated that the costs will be lower than those for Sholamoor.
- 4.3 The Council is required to carry out the works and it is proposed that they are funded from the capital receipt generated from the sale of Cockburn Cottage.
- 4.4 As well as meeting the legal requirements under SHQS, undertaking the works will preserve the value of the assets.
- 4.5 Assuming all the works are undertaken, to a good standard, and the house is then maintained, Sholamoor could achieve a market value within the region of £325,000 once it becomes vacant. On a similar basis, i.e. in good condition, Springfield Cottage could achieve a market value within the region of £225,000.
- 4.6 Should no action be taken, and the properties fall into further disrepair, the market value would depreciate to a range of £90,000 - £125,000.

## **5. Next Steps**

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- 5.1 If Committee approve the capital spend, the procurement process can commence immediately for Sholamoor using the tender documentation produced in September 2019.
- 5.2 Once the survey for Springfield Cottage, the next step is to identify the essential works, the estimated costs and to produce the necessary tender documents.

## **6. Financial impact**

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- 6.1 The proposal is to utilise part of the capital receipt from the sale of Cockburn Cottage to fund the works. The cost can be easily contained with that budget and by protecting the assets, a far higher capital receipt will be possible when the properties become vacant, which will significantly exceed the investment.
- 6.2 The properties produce a small revenue by way of rental income and it is proposed that this is used from future revenue repairs and maintenance until the properties are vacated.

## **7. Stakeholder/Community Impact**

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- 7.1 Discussions are ongoing with the tenants, particularly around how they are accommodated in their homes while the works are underway.
- 7.2 The Integrated Impact Assessment (IIA) checklist has been completed and the outcome is that a full IIA is not required for this report. Undertaking these works will substantially enhance the quality of life for the tenants and improve the sustainability of these properties.

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

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- 8.1 N/A

## **9. Appendices**

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- 9.1 Appendix 1 - Plan and Photographs

Wellington School Janitors Houses, near Penicuik  
(houses shaded Blue)



