

Finance and Resources Committee

10.00am, Thursday, 16 January 2025

Dreghorn Estate, Edinburgh – Proposed Acquisition of Surplus Houses (Phase 2)

Executive/routine
Wards

Executive
8 – Colinton/Fairmilehead

1. Recommendations

- 1.1 That the Finance and Resources Committee approves the completion of the purchase of 17 surplus homes at Dreghorn Barracks, Edinburgh from the Defence Infrastructure Organisation (DIO), Ministry of Defence on the terms and conditions outlined in this report.

Gareth Barwell

Interim Executive Director of Place

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Report

Dreghorn Estate, Edinburgh – Proposed Acquisition of Surplus Houses (Phase 2)

2. Executive Summary

- 2.1 In March 2023, the Council purchased 23 surplus houses in the Dreghorn Estate. In October 2024, the Defence Infrastructure Organisation (DIO), Ministry of Defence notified the Scottish Government of the intention to dispose of further 17 surplus houses within the Dreghorn Estate. The Council noted interest in the acquisition of these properties when made aware by government officials. This report seeks approval to acquire the 17 surplus houses on the terms and conditions outlined in the report.

3. Background

- 3.1 On 26 January 2023, Committee approved the [purchase](#) of 23 surplus homes from the DIO at Dreghorn Barracks. The purchase of the houses completed in March 2023.
- 3.2 In October 2024, the DIO notified the Scottish Government of the intention to dispose of a second phase of surplus housing units within the Dreghorn Estate using the Scottish Government Trawl process. The Council noted interest in the additional 17 surplus properties and garages.
- 3.3 The units to be acquired in the second phase are shown shaded in on the attached plan. The units previously purchased are shown shaded blue. A list of the addresses for the second phase is included at Appendix 2.

4. Main report

- 4.1. As the Council were the only public body to note an interest in the acquisition, officers have worked with the DIO to progress the transaction. As with the first tranche, the District Valuer (DV) was appointed on a joint commission basis to undertake a valuation of the properties. To assist with the valuation, each party was entitled to submit supporting evidence to the DV. The Council undertook condition surveys and the DIO submitted Home Reports.

- 4.2. Following the acquisition of the first phase of houses, work has been undertaken to bring the homes up to standard for reletting. This has involved the removal of asbestos containing materials in the attic space and other minor remediation works. An approximate figure of £20,000 was budgeted for each unit.
- 4.3. The condition reports for the second phase show that the houses, overall, are in reasonable condition and that works, similar to those for identified for phase 1, are required. Therefore, in negotiation with the DIO, a reduction in the value for each property has been agreed to reflect the works required.
- 4.4. Through negotiation a price of £3,850,000 (Three Million Eight Hundred and Fifty Thousand Pounds) has been agreed for the second phase. This is an average of £225,000 for each house and garage and reflects a reduction from the average price for the first phase of approximately £24,000 per unit.
- 4.5. At the time of the first purchase, the DIO put in place a Deed of Conditions for the maintenance of the common areas, play parks etc to be established and to which the Council will contribute a pro rata share. With the completion of the second phase purchase, the Council will become the majority owner within the Dreghorn Estate.
- 4.6. As part of the due diligence undertaken a building survey has identified key areas of work to be carried out over the next 10 years. This has been considered while assessing the viability of the purchase. Further improvement works will be carried out as part of the Housing Revenue Account (HRA) Business Plan and capital investment plan, which seeks to bring all Council homes up to the Energy Efficiency Standard for Social Housing 2 (EESH2).

5. Next Steps

- 5.1 Following approval of the terms by Committee, Legal Services will be instructed to progress with the completion of the purchase of the properties. The homes will be let by the Council for social rent to people in housing need; including homeless households.

6. Financial impact

- 6.1 The net purchase price of £3,850,000 will be funded from the approved 2024/25 HRA capital investment programme (£1,415,335) and Scottish Government National Acquisition Fund grant delivered through the Affordable Housing Supply Programme (£2,434,665).

7. Equality and Poverty Impact

- 7.1 The purchase of homes in across Edinburgh will have a positive impact on equality and poverty through the provisions of good quality, affordable housing.

- 7.2 Should this proposal be approved, there will be positive impacts on equality, health and human rights as increasing the number of self-contained properties will enable people to have more control over their social environment as there will be no restrictions on visitors.
- 7.3 It will also have a positive impact on their work environment and positive economic impacts as there will be no restrictions placed on when a person can come and go from the property which will be of particular benefit to shift workers.

8. Climate and Nature Emergency Implications

- 8.1 The impacts of this report have been considered in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties and the outcomes are summarised below.
- 8.2 The location of the developments is generally close to sustainable mass transport links and local amenities.
- 8.3 Homes will not achieve net zero carbon at the time of purchase but will be factored into the annual review of the HRA Business Plan and Draft 10-year capital investment plan.

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

- 9.1 Ward members have been aware of the recommendations of this report.
- 9.2 The strategy to deliver homes through this route was agreed by the Housing, Homelessness and Fair Work Committee in December 2022, updated annually. The latest [update](#) was considered at Housing, Homelessness and Fair Work of [3 December 2024](#).
- 9.3 Increasing the number of affordable homes in the city is critical in addressing the housing emergency. The Council is seeking to develop sustainable communities and places which deliver a positive impact beyond the built environment.

10. Background reading/external references

- 10.1 None.

11. Appendices

Appendix 1 – Location plan.

Appendix 2 – Property addresses.

Appendix 2 - Dreghorn Estate – Address list of properties to be acquired

2 Dreghorn Place EH13 9NU

8 Dreghorn Place EH13 9NU

14 Dreghorn Place EH13 9NU

22 Dreghorn Place EH13 9NU

24 Dreghorn Place EH13 9NU

28 Dreghorn Place EH13 9NU

30 Dreghorn Place EH13 9NU

32 Dreghorn Drive EH13 9PD

34 Dreghorn Place EH13 9NU

36 Dreghorn Place EH13 9NU

44 Dreghorn Place EH13 9NU

51 Dreghorn Place EH13 9NU

52 Dreghorn Place EH13 9NU

52 Dreghorn Drive EH13 9PD

54 Dreghorn Place EH13 9NU

56 Dreghorn Drive EH13 9PD

62 Dreghorn Drive EH13 9PD