

Corporate Policy and Strategy Committee

10.00am, Tuesday 1 October 2013

Tron Kirk – short term leasing options – referral from the Finance and Budget Committee

Item number	7.10
Report number	
Wards	11 – City Centre

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report

Carol Campbell

Head of Legal, Risk and Compliance

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Terms of Referral

Tron Kirk – short term leasing options

Terms of referral

On 17 September 2013 the Economy Committee considered a report which provided two options for letting the Tron Kirk for the next two years prior to Edinburgh World Heritage Trust (EWHT) taking on a long term lease of the building. The following vote took place:

Motion - moved by Councillor Ross, seconded by Councillor Bridgman

- 1) To approve the lease extension of the Tron Kirk to the existing tenant on the terms and conditions outlined in paragraph 2.3 of the Director's report and on such other terms and conditions to be agreed by the Director of Services for Communities and Head of Legal, Risk and Compliance; and
- 2) To refer the report to the Finance and Budget Committee for ratification of the Economy Committee decision.

Amendment - moved by Councillor Corbett, seconded by Councillor Edie

- 1) To place the Tron Kirk on the Open Market as being available to let until 30 September 2015
- 2) To refer the report to the Finance and Budget Committee for ratification of the Economy Committee decision.

Decision

The motion by Councillor Ross was approved by 13 votes to 1.

On 19 September 2013 the Finance and Budget Committee were asked to ratify the decision made by the Economy Committee. Instead, the Finance and Budget Committee agreed to refer to report to the Corporate Policy and Strategy Committee for a final decision.

For decision/action

The Finance and Budget Committee has referred the attached report to the Corporate Policy and Strategy Committee for a final decision.

Background reading / external references

[Economy Committee 17 September 2013](#)

[Finance and Budget Committee 19 September 2013.](#)

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	Appendix 1 Tron Kirk - Short Term Leasing Options – report by the Director of Services for Communities

Economy Committee

10.00 a.m., Tuesday, 17 September 2013

Tron Kirk – short term leasing options

Item number	8.1.2
Report number	
Wards	11 – City Centre

Links

Coalition pledges	P23, P31
Council outcomes	CO8, CO20
Single Outcome Agreement	SO1

Mark Turley

Director of Services for Communities

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Executive summary

Tron Kirk – short term leasing options

Summary

The purpose of this report is to provide the Committee with two options for letting the Tron Kirk for the next two years prior to Edinburgh World Heritage Trust (EWHT) taking on a long term lease of the building. The two options are summarised as follows:-

1. Grant an extension of the existing lease for a further term until 30 September 2015 at an increased rent of £20,000 per annum. The use of the Tron Kirk as a licensed premises to be restricted to 6 weeks during the Jazz, Old Town and Fringe Festivals and a maximum of 5 days at Hogmanay.
2. To advertise the Tron Kirk as being available To Let for a period of two years on the open market.

Recommendations

That Committee:-

- 1) Approves either the lease extension of the Tron Kirk to the existing tenant on the terms and conditions outlined in paragraph 2.2 and on such terms and conditions to be agreed by the Director of Services for Communities and the Head of Legal, Risk and Compliance **or** that the Tron Kirk is placed on the Open Market as being available To Let until 30 September 2015
- 2) Refers this report to the Finance and Budget Committee for ratification.

Measures of success

A prominent Grade “A” listed building on the Royal Mile will continue to be open for visitors during the Summer & Hogmanay Festivals whilst Edinburgh World Heritage Trust who will be taking a long lease of the Tron Kirk secure funding for the conservation and fit out of the building.

Financial impact

The prospective lessee has offered to pay an annual rent of £20,000 for use of the Tron Kirk for four days each Hogmanay and a maximum period of six weeks each summer to cover the Jazz and Fringe Festivals.

An offer to let on the open market would incur one off costs of £100,000+ in securing the capital works from the existing tenant.

Equalities impact

This report has been assessed in terms of equalities and human rights. If the recommendations are approved this will help with the Rights of Physical Security and Education and Learning. The long term Rights of an inclusive society can only be achieved as part of the long term proposals Edinburgh World Heritage Trust have to conserve and fit out the Tron Kirk.

Sustainability impact

There are no sustainability issues arising from this report.

Consultation and engagement

The proposed end user of the Tron Kirk, Edinburgh World Heritage Trust would prefer to see the Tron Kirk open during festival periods whilst the current operation has been closely scrutinised by elected members and officers of the Council during its two years of operation.

Background reading / external references

Report to Finance and Budget Committee 6 June 2013 relating to long term use for the Tron Kirk.

Tron Kirk – short term leasing options

1. Background

- 1.1 The Tron Kirk is a Grade “A” listed building, which was acquired by the Council in 1972. In the mid 1970’s the roof of the Tron was replaced by the Council, but the building was not used until 2000 when it was leased to a local tour company who operated it as an Information Centre until 2007.
- 1.2 In 2007, approval was granted by the Council to proceed with a scheme that would have seen the Tron Kirk conserved and the building used as a Visitor Centre with catering facilities. This did not proceed due to the impact of the economic downturn on the financial viability of the project.
- 1.3 The property was offered, by competitive tender in May 2012, as a venue for the Fringe Festival and otherwise a venue for live performances and as an ancillary bar/café with access during the day by the public to view the Tron Kirk. The existing tenant has operated the venue since that time for two Summer Festivals (2012 & 2013) and the Christmas and Hogmanay Festival (2012) in return for a total rental payment of £20,000.
- 1.4 The property was let as a shell with no floor or services. There was also an additional complication due extensive archaeological remains of medieval Edinburgh that required to be protected. This involved the tenant providing a self supporting floor (cost approx. £100,000) that did not damage the archaeology and that could not be tied into the Tron Kirk walls. The tenant also completed other capital works of approx. £80,000 to provide heating, lighting, stage and bar. During both summers, the Tron has operated as a “free” venue for the Fringe including the Jazz and Old Town Festivals who were not charged for use of the venue.
- 1.5 In June 2013, the Finance & Budget Committee approved the grant of a long lease to Edinburgh World Heritage Trust (EWHT) to conserve the Tron Kirk and fit it out as a Heritage Centre. EWHT will not be in a position to commence work to the Tron Kirk before Autumn 2015. They have stated, in principle, support for the opening of the Tron Kirk during the intervening period as it is helping to promote the building.

- 1.6 Given that the conservation work is unlikely to commence for at least another two years, the Council needs to consider the options for temporary use in the interim.

2. Main report

- 2.1 There are three options moving forward:-

1. Leave the property vacant until EWHT are ready to take possession.
2. Extend the agreement to the existing tenant.
3. Advertise for a new occupier

2.2 **Leave the property vacant until EWHT are ready to take possession**

There is no financial, economic or objective rationale to leave the property vacant for the next two years. Further, Capital Coalition pledge 23 states "Identify unused Council premises to offer on short low cost lets to small businesses, community groups and other interested parties". This option is therefore discounted.

2.3 **Extend the agreement to the existing tenant**

Normal Council procedure is to offer an extension of leased premises to the existing tenant. This is on the basis that they have fulfilled all their obligations under the existing agreement and that the Council does not require the property for any other purpose.

Concern has been expressed by local Councillors that the venue causes disruption and noise nuisance to local residents and businesses. During the duration of the lease in Summer 2013, one complaint for noise was logged with the Neighbourhood Team.

Of additional concern is the use of Hunter Square public toilets for private use. However, the lease of the property has always been predicated on any user securing the consent of using the toilets via a separate agreement.

As is normal practice, the existing tenant has requested to extend the lease for the two year period based on the following heads of terms:-

1. The lease would be for the period of the Summer festivals (Jazz, Old Town and Fringe) in 2014 and 2015 plus the Christmas and New Year Festival in 2013 and 2014.
2. The property will be available for use by the Council or their nominated party during other periods.

3. The rent will be £20,000 per annum representing an uplift of 100% on the current arrangement.
4. The tenant will install a disabled ramp access and disabled toilet at their own cost, subject to all statutory consents.
5. At the end of the lease period the tenant will leave all capital works in situ if required.
6. The lease will be subject to the tenant securing an additional agreement to utilise the toilets, licensing and other statutory consents.
7. The tenant has offered to work with the Council to make the venue available all year round for events that will showcase the Tron's interior, i.e., local groups, charities etc.
8. The tenant and also indicated a desire to engage with EWHT to bring forward proposals to replace the existing floor with glass so that the archaeological remains are visible to the public.
9. The tenant will be responsible for the Council's legal and property costs in concluding the lease.

2.3 Advertise for a new occupier

There is a direct relationship between the financial return the Council could achieve and the use the building can be put to. It is clear that the majority of interest, with the highest return, will be for the same use as the existing tenant

In pursuing this option there will be an additional problem in addressing the cost of the existing tenant's capital works. The tenant would be at liberty to remove the floor or negotiate a one off premium from the Council and/or a new tenant of £100,000+. Given the temporary nature of the lease that is available, this may make proposals for alternative uses financially unviable.

3. Recommendations

3.1 That Committee

- 1) Approves either the lease extension of the Tron Kirk to existing tenant on the terms and conditions outlined in paragraph 2.2 and on such terms and conditions to be agreed by the Director of Services for Communities and the Head of Legal, Risk and Compliance **or** that the Tron Kirk is placed on the Open Market as being available To Let until 30 September 2015; and
- 2) Refers this report to the Finance and Budget Committee for ratification.

Mark Turley

Director of Services for Communities

Links

Coalition pledges

P23 – Identify unused Council premises to offer on short low-cost lets to small businesses, community groups and other interested parties.

P31 – Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure.

Council outcomes

CO8 – Edinburgh's economy creates and sustains job opportunities.

CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens.

Single Outcome Agreement

SO1 – Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.

Appendices



LOCATION PLAN

SCALE 1:1250

SITE PLAN

SCALE 1:500

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 THE CITY OF EDINBURGH COUNCIL
 SERVICES FOR COMMUNITIES
 EDINBURGH

Tron Kirk
 120 High Street
 Edinburgh

DATE	02/09/2013
SURVEYED BY	
DRAWN BY	F McDonald
SCALE	Plan to Scale at A3
NEG. NO.	NT2573/A3/1356 A

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