

Finance and Resources Committee

10.00am, Thursday 16 August 2018

Proposed New Lease at 323 High Street, Edinburgh

Item number	8.1
Report number	
Executive/routine	Routine
Wards	11 – City Centre
Council Commitments	C2, C3

Executive Summary

The Continuum Group Limited, operators of Mary King's Close, currently occupy two parts of the City Chambers complex under two separate leases being their main attraction space on the ground floor (level 5) and office space above on first floor (level 6).

The tenant has a requirement for additional office space, and as a result of the disposal of 329 High Street on a leasehold basis, vacant surplus office space has been identified adjacent to the tenants existing office space.

This report seeks approval to grant a lease to the Continuum Group Limited on the terms and conditions outlined in this report.

Proposed New Lease at 323 High Street, Edinburgh

1. Recommendations

- 1.1 That Committee:
- 1.1.1 Approves a new lease to the Continuum Group Limited of first floor (level 6) in 323 High Street, Edinburgh on the terms outlined in this report and other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The surplus office space at first floor (level 6) at 323 High Street extends to 36.58 sq m (394 sq ft) or thereby and is shown outlined in red on the attached plan.
- 2.2 The Continuum Group Limited are operators of Mary Kings Close and occupy space on the ground floor (level 5) of the City Chambers complex on a 25 year lease expiring on 31 March 2028.
- 2.3 The Continuum Group Limited also occupy first floor (level 6) office premises directly above the main attraction space. This is held on an annual missive (currently holding over under tacit relocation) at an all-inclusive rental of £10,700 per annum.
- 2.4 As part of the works to separate 329 High Street (to facilitate the long leasehold disposal) from the rest of the City Chambers complex, vacant office space has been identified in 323 High Street which is directly adjacent to Continuum Group's existing office space. The Continuum Group has requested to include this room within a revised lease for the first floor premises.

3. Main report

- 3.1 The following terms have been provisionally agreed:
- Subject: Existing and vacant office space at 323 High Street / City Chambers complex.
 - Lease: To run co-terminus with main attraction space lease expiring 31 March 2028;
 - Rent: £18,400 per annum;

- Rent profile: All-inclusive figure to include rent, non-domestic rates, insurance and utilities costs;
- Rent Review: 1 April 2023, RPI linked with minimum and maximum uplift of 2% and 5%;
- Use: Office;
- Repairs: Tenant responsible for internal repairs only; and
- Costs: Both parties to meet their own costs.

3.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.

4. Measures of success

4.1 Granting of the new lease will produce an income to the Council for vacant office space not in use. The creation of additional back office space will allow the Continuum Group Limited to improve their attraction and the service they provide to visitors.

5. Financial impact

5.1 The existing first floor office missive produces and income to the Council of £10,700 per annum. The new lease will provide an annual income of £18,400, an increase of £7,700 per annum.

6. Risk, policy, compliance and governance impact

6.1 This a lease extension to the existing tenant who has been occupation of the adjoining property for a number of years. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

7. Equalities impact

7.1 The proposal in this report to grant an extension of the lease which currently exists on the property does not have a significant additional impact on people, equalities, the economy and the environment.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from this report as it is a lease extension being proposed for a property that has been in retail use for many years and is to continue to be in retail use.

9. Consultation and engagement

- 9.1 Ward elected members have been made aware of the recommendations of this report.

10. Background reading/external references

- 10.1 Not applicable.

Stephen S. Moir

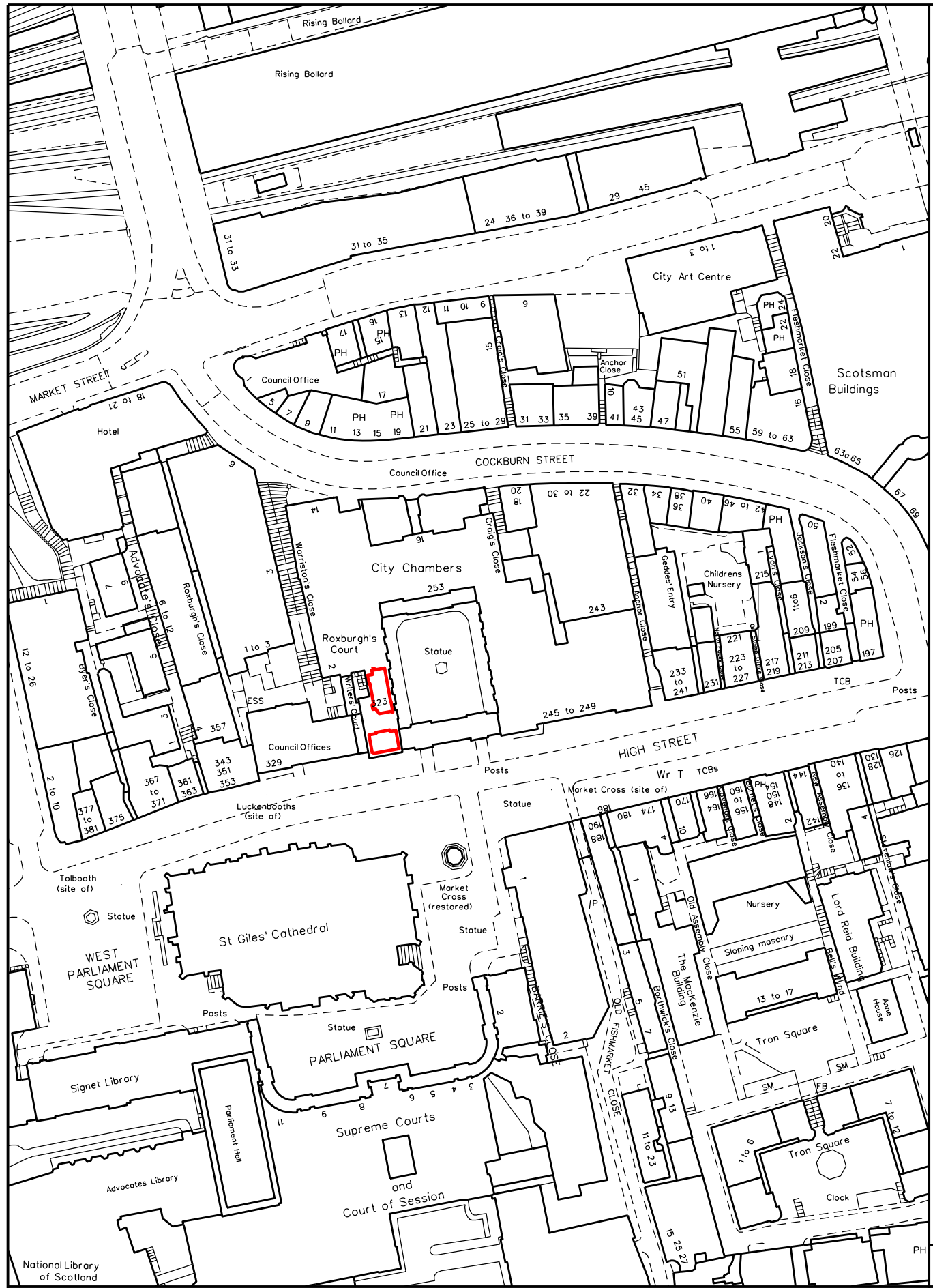
Executive Director of Resources

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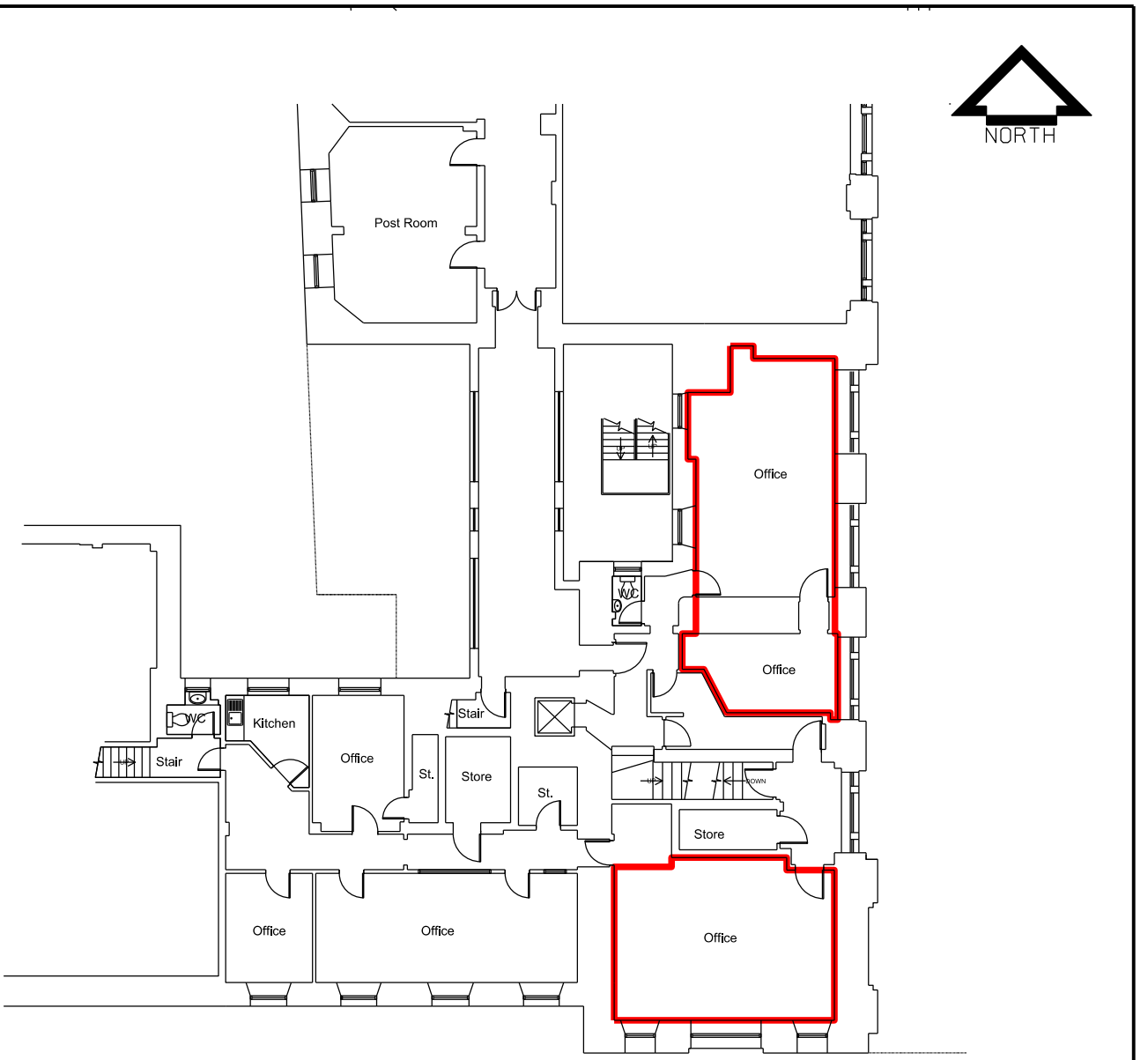
11. Appendices

- 11.1 Appendix 1 – Location Plan.



LOCATION PLAN

SCALE 1:1250



COMBINED AREA SHOWN DELINEATED RED - 89.53 sq.m.

SITE PLAN

SCALE 1:200



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PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
Office Space Level 6 - City Chambers High Street Edinburgh	
DATE	27/06/2018
SURVEYED BY	
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT2573/A3/1982

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