

Finance and Resources Committee

3.00pm, Tuesday 4 December 2018

Proposed new Leases at Hawes Pier, South Queensferry

Item number	8.1
Report number	
Executive/routine	Routine
Wards	1
Council Commitments	15

Executive Summary

Maid of the Forth Ltd and Forth Boat Tours Ltd operate commercial boat tours around the Forth Estuary from Hawes Pier. Both operators' previous leases are now running on Tacit Relocation and Heads of Terms have been provisionally agreed which provide consistent lease terms to both operators.

The report seeks approval to grant leases to both operators on similar terms, outlined in the report.

Proposed new Leases at Hawes Pier, South Queensferry

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves the new leases to Maid of the Forth and Forth Boat Tours Ltd on the terms outlined within this report and other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The leases under consideration are for berthing on the west side of the pier only, shown outlined in red on the attached plan.
- 2.2 The east side of the pier is let to Eneos Oil UK Limited. The proposed leases will stipulate that sailing should only take place from the west side of the pier unless there are extreme weather conditions preventing landing on that side.
- 2.3 The Maid of the Forth was previously on a 25-year lease, which did not take into consideration the increase in cruise ships, or provide a market rent for the Council. The lease to the Forth Belle (run by Forth Boat Tours Ltd) was seasonal from April to October and provided a market rent.
- 2.4 Neither boat is permitted to operate on Cruise Liners days; however, both operators are occasionally used to tender to Cruise Liners.

3. Main report

3.1 The following terms have been provisionally agreed with both parties. Where the terms differ between each party/lease, this will be highlighted below:

- Subject: Berthing on the west side of Hawes Pier;
- Lease Term: 25 years;
- Rent Review: 5 yearly, upwards only. Market Rent is based on a per metre berthing rate (£355/m) and applied to the length of the boat;
- Use: The tenant shall use the premises for the operation of a single commercial passenger vessel;
- Repairs: Any damage caused to the pier by the tenant will be repaired solely at the tenant's expense;

- Insurance: The tenant will have Public Liability Insurance that provides cover from the gangplank onwards;
- Sailing Schedule: Tenants shall adhere to the Sailing Schedule which sets out the allotted slots for the boats at all times;
- Cruise liner Days: Tenants will not be permitted to use the pier on Cruise Liner days;
- Other issue: In the event of total destruction of the pier, or the pier is damaged beyond economic viability, in the opinion of the Council, the Council will be under no obligation to reinstate the pier.

3.2 There is a substantial increase in the proposed rent for the Maid of the Forth. It is set to approximately double from £3,400 per annum to £7,400 per annum. In order to assist the tenant, provisionally agreement has been reached on a stepped rent with increases year on year as follows: Year 1: £4,500 pa, Year 2: £5,500, Year 3: £7,400.

3.3 Both tenants have a tenant only break option on the tenth anniversary of the lease.

4. Measures of success

4.1 Granting the new leases will secure a higher income for the Council than previously agreed. The approval will also help secure ongoing tourist boat services from the pier.

5. Financial impact

5.1 The rent for the Maid of the Forth would increase from £3,400 per annum to £7,400 per annum. Given the increase, it has been provisionally agreed to increase the rent via a stepped rent to £7,400 in year 3.

5.2 The rent of The Forth Belle (Trading as Forth Boat Tours) will be £10,000 per annum. The rent is higher than the Maid of the Forth as it is calculated on the size of the boat.

5.3 The new leases combined will provide an annual income of £17,400; an increase of £5,000 per annum.

6. Risk, policy, compliance and governance impact

- 6.1 Two new leases to Forth Boat Tours Ltd and The Maid of The Forth are being agreed with the existing tenants who have been in occupation of the pier for 10 and 25 years respectively. It is considered there is little impact on Risk, Policy, Compliance or Governance issues although, as with any proposed tenancy, there is a risk that the deal falls through and the tenant does not sign the lease.

7. Equalities impact

- 7.1 The proposal in this report is to grant two new leases for existing boat tours currently operating from the property. It is not considered that this will 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.

9. Consultation and engagement

- 9.1 Ward elected members have been made aware of the recommendations of this report. The two operators have been consulted on the proposed terms of the leases and the sailing schedule.

10. Background reading/external references

- 10.1 Not applicable.

Stephen S. Moir

Executive Director of Resources

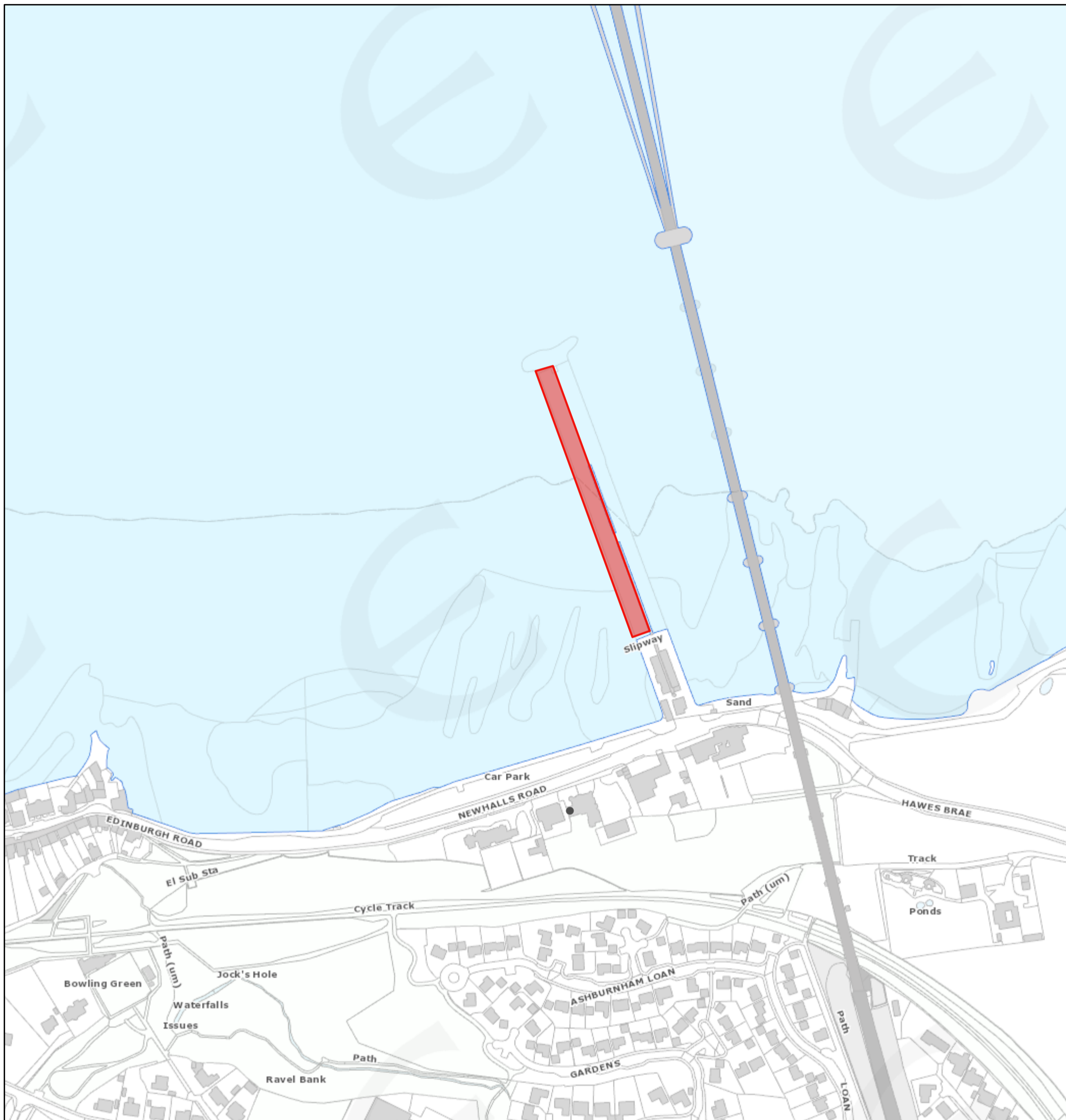
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11. Appendices

- 11.1 Appendix 1 – Plan of Hawes Pier, South Queensferry

Hawes Pier - West Side



24/10/2018, 11:50:35

 Override 1

