

# Finance and Resources Committee

10.00am, Thursday, 21 January 2021

## Restaurant Unit, Assembly Rooms, 54 George Street, Edinburgh – Update on Proposed Lease

Executive/routine Wards Council Commitments	Routine Ward 11– City Centre <u>2</u>
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### 1. Recommendations

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1.1 That Committee:

- 1.1.1 Notes the progress made with the lease to Stack and Still Limited, prior to the Covid-19 pandemic, following Committee approval on 6 December 2019;
- 1.1.2 Notes the revised terms sought by Stack and Still Limited; and,
- 1.1.3 Notes the approval by the Executive Director of Resources, in consultation with the Convenor and Vice Convenor of Finance and Resources, using urgency powers under delegation, to compete the lease based on the revised terms.

**Stephen S. Moir**

Executive Director of Resources

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# Report

## Restaurant Unit, Assembly Rooms, 54 George Street, Edinburgh – Update on Proposed Lease

### 2. Executive Summary

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- 2.1 On 6 December 2019, Committee approved a 15-year lease of the restaurant unit within the Assembly Rooms to Stack and Still Limited. As a result of the Covid-19 pandemic, Stack and Still has sought revised terms, along with an entry date prior to an available Committee. Consequently, approval was given to proceed on the revised terms by the Executive Director of Resources, in consultation with the Convenor and Vice Convenor of Finance and Resources, using urgency powers in accordance with the Scheme of Delegation to Officers. This report updates the Committee on the revised terms which were agreed.

### 3. Background

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- 3.1 Jamie's Italian Limited entered into a Company Voluntary Arrangement (CVA) in February 2018 and subsequently liquidated on 21 May 2019.
- 3.2 The property was marketed for lease and discussions took place with interested parties, however only one party, Stack and Still Limited (S&S), came forward with a formal proposal.
- 3.3 The Finance and Resources Committee, on 6 December 2019, approved a 15-year lease. However, it was not possible to complete the lease prior to the Covid-19 pandemic and associated lockdown.
- 3.4 The tenant has approached the Council with a revised proposal to reflect the current economic conditions and the prospects for short term recovery in the restaurant sector. The tenant was seeking completion of the lease on the revised terms to enable a date of entry in early January to begin fit out works.

## 4. Main report

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- 4.1 A comparison of the terms approved by Committee and the revised proposal is out below:

	<b>Committee Approval</b>	<b>Stack &amp; Still Revised Proposal</b>
<b>Lease Term</b>	15 years with tenant break option at year 10	15 years with tenant break option at year 10
<b>Base Rent</b>	The higher of a base rent of £150,000 per annum or 8% of gross annual turnover net of VAT and capped at £300,000 per annum	The higher of a base rent of £150,000 per annum or 8% of gross annual turnover net of VAT and capped at £300,000 per annum
<b>Incentive</b>	Equivalent of 12 months rent free with half rent paid for years 1 and 2	Equivalent of 24 months' rent free payable by 6 months rent free and 30 months at £5,000 per month (S&S had initially sought 6 months rent free and 36 months at £5k per month)

- 4.2 In summary, although the lease term and rent remain the same, an increase to the initial incentive was being sought. In simple terms, over the first three years of the lease there is a reduction in income to the Council of £150,000 (minimum due to potential for turnover to result in a higher than base rent).
- 4.3 S&S were targeting an early entry date of January 2021 to commence fit out works to allow for potential opening in February, albeit this was prior to the recent lockdown announcements of 4 January 2021.
- 4.4 Such a tight timescale would not have permitted a report to Committee to seek approval to the revised terms. Consequently, on 18 December 2020, the Executive Director of Resources formally consulted with the Convenor and Vice Convenor of Finance and Resources and approval was given for the use the Urgency Powers under the Scheme of Delegation to Council Officers to complete the lease on these revised terms.

## 5. Next Steps

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- 5.1 Following the approval to proceed using urgency powers under delegation work has continued to complete the lease.

## **6. Financial impact**

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- 6.1 Over the first three years of the lease there is a reduction in income to the Council of £150,000 (minimum due to potential for turnover to result in a higher than base rent).

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

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- 7.1 Ward members have been made aware of the recommendations of the report.

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

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- 8.1 [Report to Finance and Resources Committee 6 December 2019](#)

## **9. Appendices**

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- 9.1 Appendix 1 – Location Plan



SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

**• EDINBURGH •**  
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT  
RESOURCES

RESTAURANT UNIT  
54 GEORGE STREET  
EDINBURGH

DATE	31/10/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1155

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