

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Powderhall Stable Block, Broughton Road – Proposed Lease

Executive/routine Wards Council Commitments	Routine 12 – Leith Walk
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1. Recommendations

- 1.1 Finance and Resources Committee is asked to approve a new 75-year lease to Out of the Blue Arts and Education Trust on the Powderhall Stable Block, Broughton Road, on the terms and conditions outlined in this report.

Paul Lawrence

Executive Director of Place

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2. Executive Summary

- 2.1 Powderhall Stable Block is being refurbished, using various funding sources, to provide a hub of studios and two co-working spaces, aimed at start-ups, artists and micro businesses. Following a marketing exercise, five proposals were received for a head tenant to operate the building. This report seeks approval to grant a 75-year lease to Out of the Blue Arts and Education Trust on the terms and conditions outlined in the report.

3. Background

- 3.1 Powderhall Stables is the former offices and stable block of the Powderhall Waste Transfer Station as shown in Appendix 1. Built in 1893, it is a two-storey, category 'B' listed property, built in the Scots Baronial style. The building was originally used as offices for the adjacent waste incinerator plant and as stables for the horses that pulled the waste carts; latterly, it was used as a staff facility for waste collection staff. By the 2010s, the building had fallen into poor condition.
- 3.2 The Waste Transfer Station was closed in late-2016 due to equipment failures and drainage issues. On [23 March 2017](#), the Finance and Resources Committee approved the sale of the Waste Transfer Station to the Housing Revenue Account (HRA) for housing-led redevelopment.
- 3.3 The Council made a bid to the 2019/20 round of the Scottish Government's Regeneration Capital Grant Fund (RCGF) for £1.06m towards the Powderhall Stables project. The bid was unsuccessful, principally due to match funding not having been secured at the time, but the Scottish Government provided feedback on the bid and encouraged the Council to resubmit the project. The Council subsequently secured £1.425m in the 2020/21 round of the RCGF (later increased to £1.658m). The Council also secured funding for the project from the Bonnington Micro Business Fund, Edinburgh World Heritage, and the City Centre Recovery Fund.
- 3.4 On [29 August 2019](#), the Housing, Homelessness and Fair Work Committee agreed to seek further funding for the refurbishment of the stable block. On [25 February](#)

[2020](#), the Policy and Sustainability Committee approved the allocation of £500,000 of grant and £290,000 of loan from the City Strategic Investment Fund (CSIF) which, when combined with external funding, would allow the project to proceed.

- 3.5 Powderhall Stables has been restored to a hub concept providing workspaces and events space. The stable block has been comprehensively refurbished to create a collection of 12 studios and two co working spaces, aimed at start-ups, artists and micro businesses. The building also features two function/events spaces aimed at serving the local community. Heat and hot water for the building is supplied from two air source heat pumps. Work on the building is at advanced stage with completion expected in early 2023.
- 3.6 The restoration of Powderhall Stables provides a centre-point for the wider Powderhall redevelopment. This is a mixed-tenure development of approximately 260 homes, a new nursery school, new public realm, and community growing areas.
- 3.7 A Place Brief for the Powderhall development was approved by the Planning Committee on [12 December 2019](#); the Place Brief states that *“bringing the stable block back into use and provision of a nursery should be integral parts of the development proposals”* and that *“Consideration should be given to its future use as workspace/event space with potential community uses.”*

4. Main report

- 4.1 To deliver the vision for the future use of the stable block, a marketing exercise was undertaken for a head tenant to lease the stables on a Full Repairing and Insuring (FRI) basis. The head tenant would then be responsible for the subleasing and management of the studios and co working spaces. They would also be responsible for the day to day running and management of the function spaces.
- 4.2 The head tenant would be expected to cultivate links with local groups, creatives and start-ups to encourage a diverse use of the available space. There is also an expectation that links would be forged with the local community to encourage optimum use of the function and events space.
- 4.3 Marketing details set out the key criteria that would be assessed and interested parties were asked, by a closing date, to set out proposals which addressed the following:
 - 4.3.1 Details of the proposed lease term which the prospective tenant would be prepared to enter into (on a FRI basis only) and the proposed mechanism in which to pay rent to the Council;
 - 4.3.2 Details of how the proposer will cultivate links with the proposed end users of the space, to encourage best use; and
 - 4.3.3 The way the community will be involved in the future use of the building.
- 4.4 At a closing date, five proposals were received which were assessed by a panel of Council officers using the criteria set out above. The preferred submission which

was deemed to best address the key criteria set out in the marketing details was received from Out of the Blue Arts and Education Trust (Out of the Blue) as demonstrated by the scoring table below:

Bidder	Weighted Score
Out of the Blue	191.25
Bidder 2	166.25
Bidder 3	166.25
Bidder 4	150
Bidder 5	150

4.5 The provisional terms for the lease of the property to Out of the Blue are as follows:

4.5.1 Tenant: Out of the Blue Arts and Education Trust (SC235075)

4.5.2 Lease Term: 75 years from date of entry;

4.5.3 Break Option: tenant three yearly break option;

4.5.4 Rent: Base rent of £20,000 per annum plus additional payment based on 15% of all letting income received by the tenant on annual basis;

4.5.5 Rent Free Period: six months from date of entry;

4.5.6 Rent Review: Base rent to be reviewed at five yearly intervals based on the increase in the Consumer Price Index, compounded, subject to a cap and collar of 2% and 5%; and

4.5.7 Use: lease of individual artists studios on flexible sub leases and provision of range of activities with educational, economic, health and cultural benefits for the local community.

4.6 Out of the Blue are an established organisation with a strategic plan to provide creative space which will foster community collaboration and, in doing so, generate cultural, social and economic value for the city. They intend to replicate their successful operational model which has been developed over 27 years in various locations across Edinburgh.

5. Next Steps

5.1 Following Committee approval, Legal Services will be instructed to progress with drafting the essential documentation for the proposed new lease.

6. Financial impact

- 6.1 The proposals will create an income to the Council of £20,000 per annum plus a top based on 15% of the letting income achieved through the use of the facility.

7. Stakeholder/Community Impact

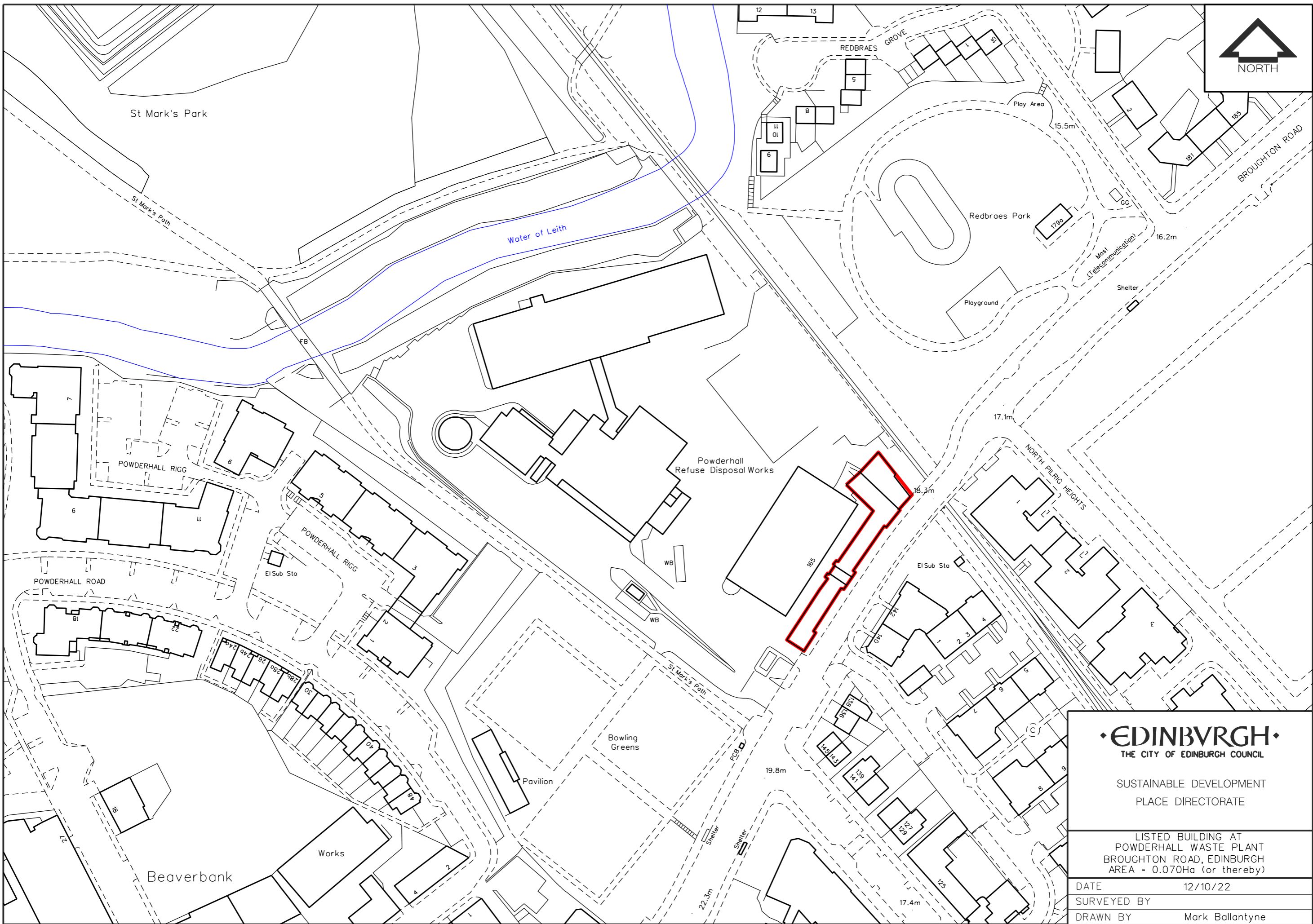
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 – Location plan.
9.2 Appendix 2 – Floor plans.

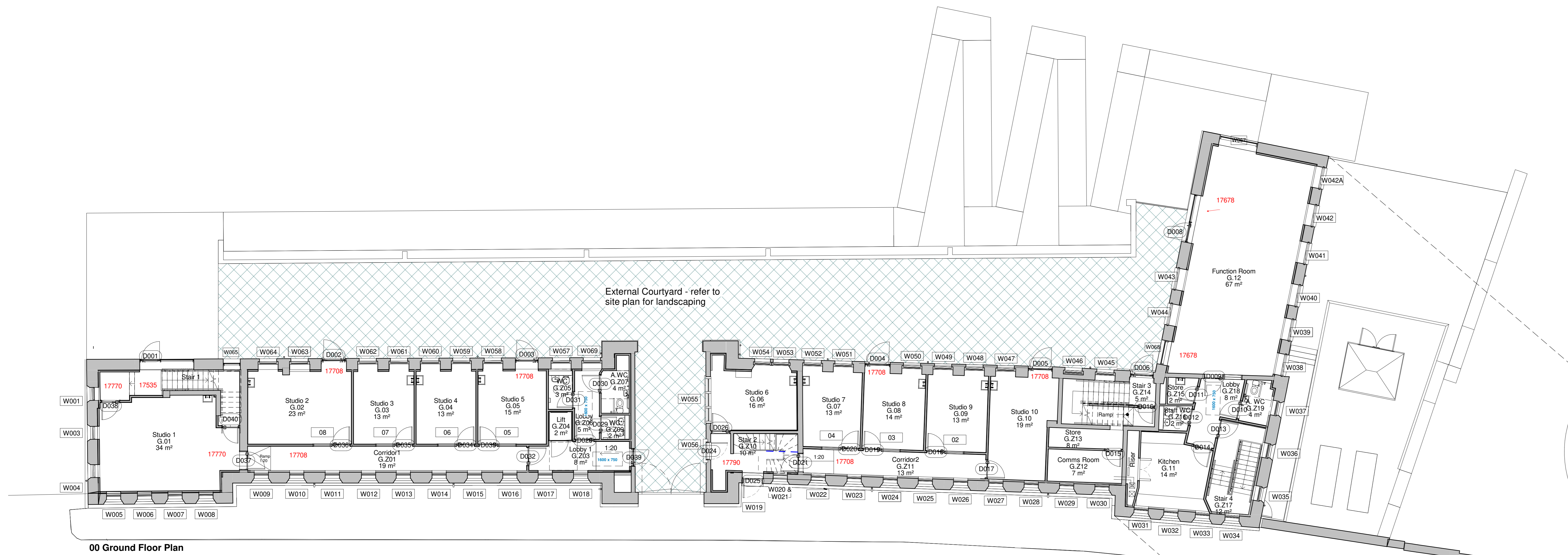


• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
LISTED BUILDING AT POWDERHALL WASTE PLANT BROUGHTON ROAD, EDINBURGH AREA = 0.070Ha (or thereby)	
DATE	12/10/22
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1812a

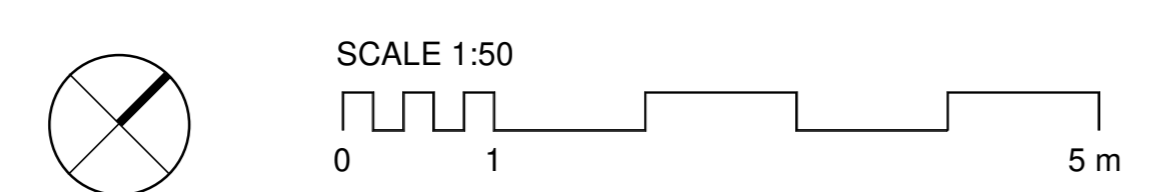
SITE PLAN

SCALE 1:1250

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REV.	REVISION NOTE	DATE	BY
L	GA plans updated	18.08.21	EF
K	Layouts updated to suit site conditions	29.06.21	EF
J	D016 position amended	03.06.21	EF
I	Second floor offices omitted, central 60 min zone omitted	14.04.21	EF
H	Ramp at entrance lobby added	11.03.21	EF
G	New works highlighted, a.wc route noted	16.02.21	EF

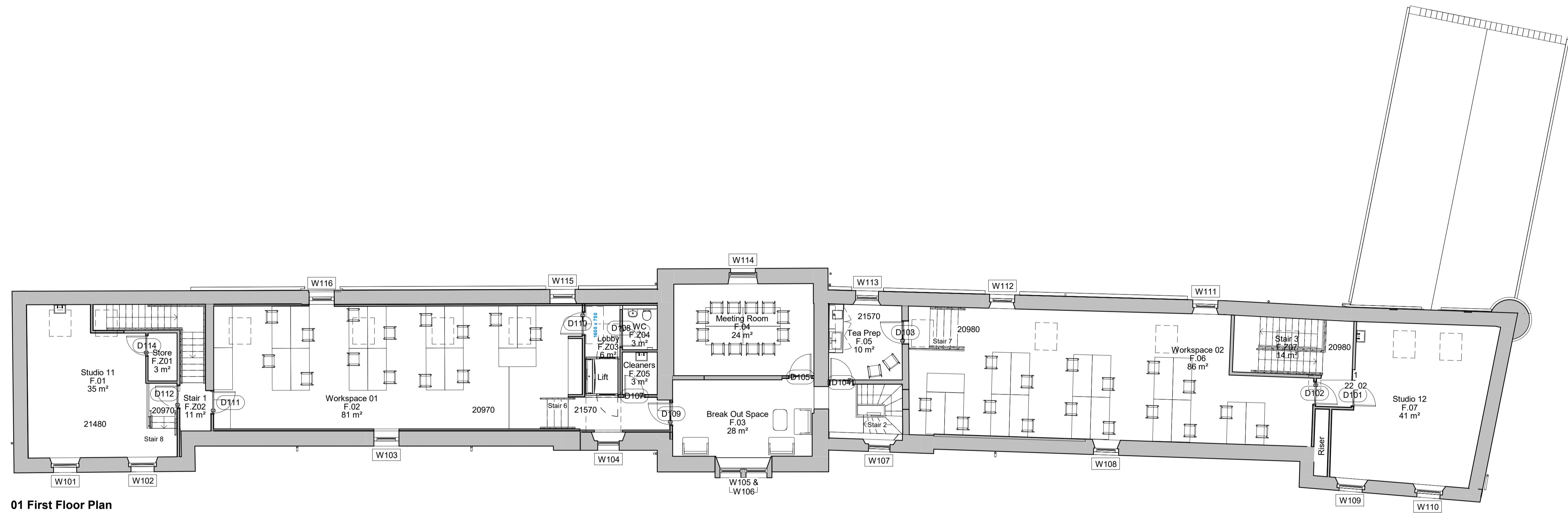


INFORMATION		CLIENT	
NOTES:		The City of Edinburgh Council	
DO NOT SCALE FROM DRAWING.		PROJECT: Powderhall Stables	
ALL DIMENSIONS TO BE CHECKED ON SITE PRIOR TO THE START OF ANY WORK AND ANY DISCREPANCIES NOTIFIED IN WRITING.		DRAWING: Ground Floor Plan	
REFER TO ENGINEERS DRAWINGS FOR ALL STRUCTURAL, HEATING, LIGHTING, POWER, EXTERNAL AND UNDERGROUND DRAINAGE AND VENTILATION INFORMATION.		DATE: April 2018	
ALL BUILDING WORKS TO COMPLY IN ALL RESPECTS TO CURRENT BUILDING STANDARDS FOR COUNTRY IN WHICH SITE IS LOCATED.		BY: EF	
		SCALE: 1:100 @ A0	
		JOB NO.: 20138	
		DRW. NO.: CB	
		REV.: GA_01	
		L	

COLLECTIVE ARCHITECTURE

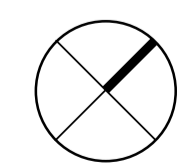
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C:\Users\James York\Desktop\20138 Powderhall Stables\01 Drawings\WFP\01 BIM\01 Central\20138_CA_ST_XX_XX_XX_A_Stables_Central.rvt

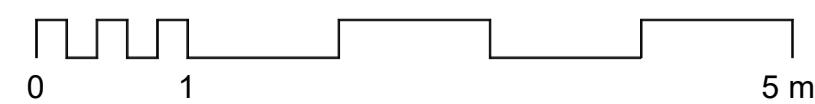


01 First Floor Plan

REV.	REVISION NOTE	DATE	BY
C	Stair moved, WCs amended, server room added	18.05.20	EF
D	External Stair & Rooflight size/ number/ position updated	31.07.20	EF
E	Layout & level updates	03.12.20	EF
F	New works highlighted, a.wc route noted	16.02.21	EF
G	Note added regarding furniture	11.03.21	EF
H	Second floor stair omitted	31.03.21	EF



SCALE 1:50



WARRANT

NOTES -
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 REFER TO ENGINEERS' DRAWINGS FOR ALL STRUCTURAL, HEATING, LIGHTING, POWER, EXTERNAL AND UNDERGROUND DRAINAGE AND VENTILATION INFORMATION
 ALL BUILDING WORKS TO COMPLY IN ALL RESPECTS TO CURRENT BUILDING STANDARDS FOR COUNTRY IN WHICH SITE IS LOCATED.

CLIENT - The City of Edinburgh Council			
PROJECT - Powerhall Stables			
DRAWING - First Floor Plan			
DATE - April 2018	BY - DP	SCALE - 1 : 100 @ A1	
JOB NO. - 20138	CHKD. - CB	DRWG NO. - GA_02	REV. - H

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