

# Finance and Resources Committee

10.00am, Thursday, 5 March 2020

## Port Edgar Marina, South Queensferry- Proposed Lease Variation

Executive/routine	Routine
Wards	1 – Almond
Council Commitments	<u>2</u>

### 1. Recommendations

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1.1 That Committee:

- 1.1.1 Approves to vary the current lease of Port Edgar Marina to Port Edgar Holdings Limited on the on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

**Stephen S. Moir**

Executive Director of Resources

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## Port Edgar Marina, South Queensferry- Proposed Lease Variation

### 2. Executive Summary

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- 2.1 Port Edgar Holdings Limited (PEHL) has requested a variation to their lease of Port Edgar Marina to increase the area occupied. This report seeks approval to vary the lease on the terms and conditions as set out in the report.

### 3. Background

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- 3.1 On 23 March 2017, the Finance and Resources Committee approved an amendment to the lease of Port Edgar Marina to PEHL.
- 3.2 At that time, PEHL agreed to take responsibility for utility services to the marina and infrastructure improvement works at an estimated cost of £200,000, which were the responsibility of the Council. Rather than grant an immediate rent-free period to cover the cost of the improvement works, the rent profile was amended to spread the cost over a 15-year period.
- 3.3 The proposals also extended the area of lease whereby PEHL would become the intermediate landlord for several existing tenants. Prior to this interposition the Council agreed to extend existing short-term leases to the community-based tenants (Marine Sea Cadets, South Queensferry Sea Cadets and Port Edgar Yacht Club) as this would provide for a greater security of tenure once the land transfers to PEHL.
- 3.4 The renewal of the leases to the community-based tenants has taken longer than expected but are now substantially in place. However, due to the overall continued success of the project and need for continued investment, PEHL has requested a further extension of the area leased to accommodate additional boat storage. This would require a variation of the terms approved by Committee in March 2017, which is the purpose of this report.

## 4. Main report

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- 4.1 The changes to the terms of the lease that were approved in March 2017 are as follows:-
- The area leased will be extended to include the area shaded blue on the attached plan. This will accommodate additional boat storage required to support the developing marina. This area also includes the Powerhouse building which houses the electricity distribution for the marina. The Council will also be relieved of the responsibility for the cost repair and maintenance of the buildings within the extended area;
  - To reflect the increased area under the lease, the level of rent will increase, on a pro rata basis, from £90,000 to £105,500 per annum;
  - The infrastructure works reported in March 2017 have increased from £200,000 to £274,000 due to the discovery of asbestos on the central pier, which requires removal;
  - A break clause in favour of the landlord, which will be PEHL in the existing sub lease, to the South Queensferry Scouts will be removed therefore securing the long-term future of that group.
- 4.3 Whilst these proposals result in an initial reduction in income, larger than the £200,000 reported in 2017 due to increased awareness of CEC liabilities, this will be offset by the removal of the Council's liability for maintenance, upgrade, and potential replacement to power supply, which requires an immediate expenditure in the region of £100,000, the upgrade of the substandard drainage infrastructure in the area and the removal of asbestos from the publicly accessible pier.
- 4.4 In a similar manner to the 2017 approval, the costs of the works will be addressed through an amended rent profile over an 18-year period offset against the increase in rent.

## 5. Next Steps

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- 5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the legal documentation. Conclusion of the proposed lease extension will minimise risk and potential financial exposure to the Council and allow PEHL to commit to further investment in marina improvements.

## 6. Financial impact

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- 6.1 The Councils exposure to costs have increased from £200,000 to £274,000. However, these costs are mitigated by spreading payment over an 18-year period. This will in part be offset by the increase in the rental figure of £12,500 which will

accumulate to £800,000 of additional rental income until the expiry of the lease in 2084.

- 6.2 The variation will also remove the Council's responsibility for any future maintenance, repair, upgrade, potential replacement of infrastructure and removal of asbestos which is a barrier to development and future investment in the marina. It will also relieve the Council of similar responsibilities for existing buildings.

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

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- 7.1 Ward elected members have been made aware of the recommendations of the report.
- 7.2 The Council and PEHL have consulted with key stakeholders in the Marina including Port Edgar Yacht Club, the Berth Holders Association, the Marine Sailing and Sea Cadet Association and existing tenants. These discussions have been supportive of the proposed development.

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

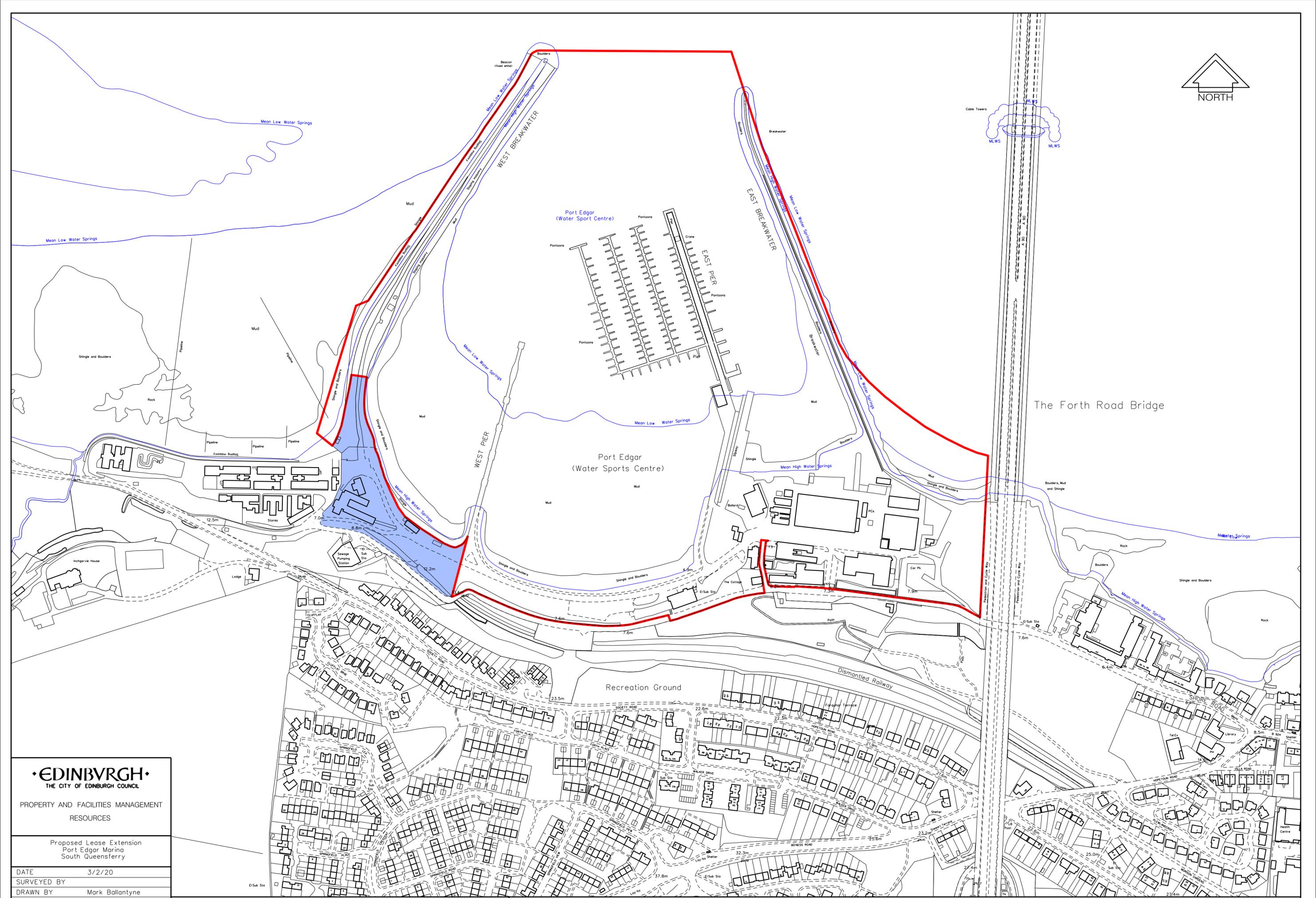
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Finance and Resources Committee – 23 March 2017 – Port Edgar Marina – Proposed Lease Extension

## **9. Appendices**

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Appendix 1 - Location Plan



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PROPERTY AND FACILITIES MANAGEMENT  
RESOURCES

Proposed Lease Extension  
Port Edgar Marina  
South Queensferry

DATE	3/2/20
SURVEYED BY	
DRAWN BY	Mark Ballantyne
FILE NO.	1:2500 @ A2
NEG. NO.	NT1177/A2/87 A

LAND AND HARBOUR TO BE LEASED SHOWN DELINEATED RED

PROPOSED LEASE EXTENSION SHOWN SHADED BLUE