

Finance and Resources Committee

10.00am, Thursday, 20 May 2021

Upper Floors, 137 Dundee Street, Edinburgh – Proposed New Lease

Executive/routine	Routine
Wards	9 – Fountainbridge/Craiglockhart
Council Commitments	<u>2</u>

1. Recommendations

- 1.1 That Committee considers the request to grant a 3-year concessionary lease to NHS Lothian of the first, second and mezzanine floors above Fountainbridge Library, 137 Dundee Street, Edinburgh 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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Report

Upper Floors, 137 Dundee Street, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 The subject property is currently leased to Carr Gomm on a lease that is holding over under tacit relocation (silent renewal). Carr Gomm no longer receive funding to permit their continued occupation of the property. This report seeks Committee's consideration of NHS Lothian's request for a new 3-year concessionary lease on the terms and conditions outlined in the report.

3. Background

- 3.1 137 Dundee Street is Grade B listed building comprising Fountainbridge Library on the ground floor with office accommodation on the upper floors, extending to 1,068 sq m (11,500 sq ft), as shown outlined in red on the plan attached as Appendix 1.
- 3.2 The first, second and mezzanine floors are currently leased to Carr Gomm, a social care and community development charity, following their unsuccessful bid for another Council owned property (The Engine Shed) in 2016. The lease was entered into on full repairing and insuring terms, from 17 November 2016 to 16 November 2019, at a passing rent is £40,000 per annum. The lease is currently holding over under tacit relocation (silent renewal).
- 3.3 Under the lease to Carr Gomm, the Rivers Centre (NHS Lothian's specialist psychological trauma service) and the Meadows Team (NHS Lothian's child and adolescent mental health trauma service, CAMHS) are currently co-located at the building together with a Citizens Advice Bureau.
- 3.4 The Rivers Centre is a public sector partnership set up with funding from the Scottish Government to work in collaboration with several community partners and collocated with the CAMHS trauma service with the ambition to ease the transition for clients accessing services across all ages. Carr Gomm is the Rivers Centre's principal partner. Recently, and as a response to Covid-19, the Here4U helpline was established. This is the psychological wellbeing helpline open to all health and social care staff across Lothian which also runs from the property.

- 3.5 The Rivers Centre and Meadows team continue to deliver their services, accessible to clients across Lothian, from the property. The location is easily accessible to clients with good access to bus routes, Haymarket Station and nearby parking. The building has been refurbished to create a safe and welcoming waiting area, large offices spaces as well as clinic and group rooms from which to deliver psychological treatments for children and adults affected by trauma. The location offers a safe space to clients attending a specialist trauma service embedded within the community.
- 3.6 The original funding from Scottish Government matched the initial lease period from November 2016 to November 2019. Carr Gomm have been unable to pay rent since November 2019 and, while initial discussions were entered into, there has been considerable delay in addressing the matter due to priority given to dealing with the Covid pandemic. This has now resulted in a request for a concessionary lease and a transfer of the tenant obligations to NHS Lothian who are better placed to act as legal tenant with an inhouse facilities management team who can maintain the property to an appropriate standard.

4. Main report

- 4.1 The original funding from Scottish Government matched the initial lease period from November 2016 to November 2019. With no funding, Carr Gomm have been unable to pay rent since November 2019. NHS Lothian are prepared to take on the lease liability for the building in to allow the service provision to continue. However, there is no NHS funding to allow a rent to be paid. It has therefore been requested that the property be leased on a concessionary basis at a nominal rent.
- 4.2 The following terms have been provisionally proposed:
- Subjects First, second and mezzanine floors;
 - Tenant: NHS Lothian
 - Lease: 3-year lease from 1st April 2021;
 - Rent: £1;
 - Use: Clinical, office, citizens advice bureau;
 - Repairs: Full repairing and maintaining obligation;
 - Other Terms: As contained in the Council's standard full repairing and insuring lease;
 - Costs: Both parties to meet own costs.

5. Next Steps

- 5.1 Should Committee approve the request, Legal Services will be instructed to progress the lease documentation. This will relieve Carr Comm from any financial or other obligations in terms of the existing lease.
- 5.2 Should the Committee reject the proposal, the Council would seek vacant possession and remarket the property for let. In addition, the current occupiers would need to find alternative premises to continue their service provision. This would have a significant adverse impact on the ability of the partner organisations to provide continuity of service.

6. Financial impact

- 6.1 A rent of £40,000 per annum was payable up to November 2019, however, no rent has been paid since. This will reduce to a nominal rental income position and any outstanding sums from November 2019 to March 2021 will need to be written off.
- 6.2 If the concessionary lease is approved, the NHS will meet their share of property cost including utilities.
- 6.3 If the proposal is not approved, the Council will have holding costs whilst another tenant is sought.

7. Stakeholder/Community Impact

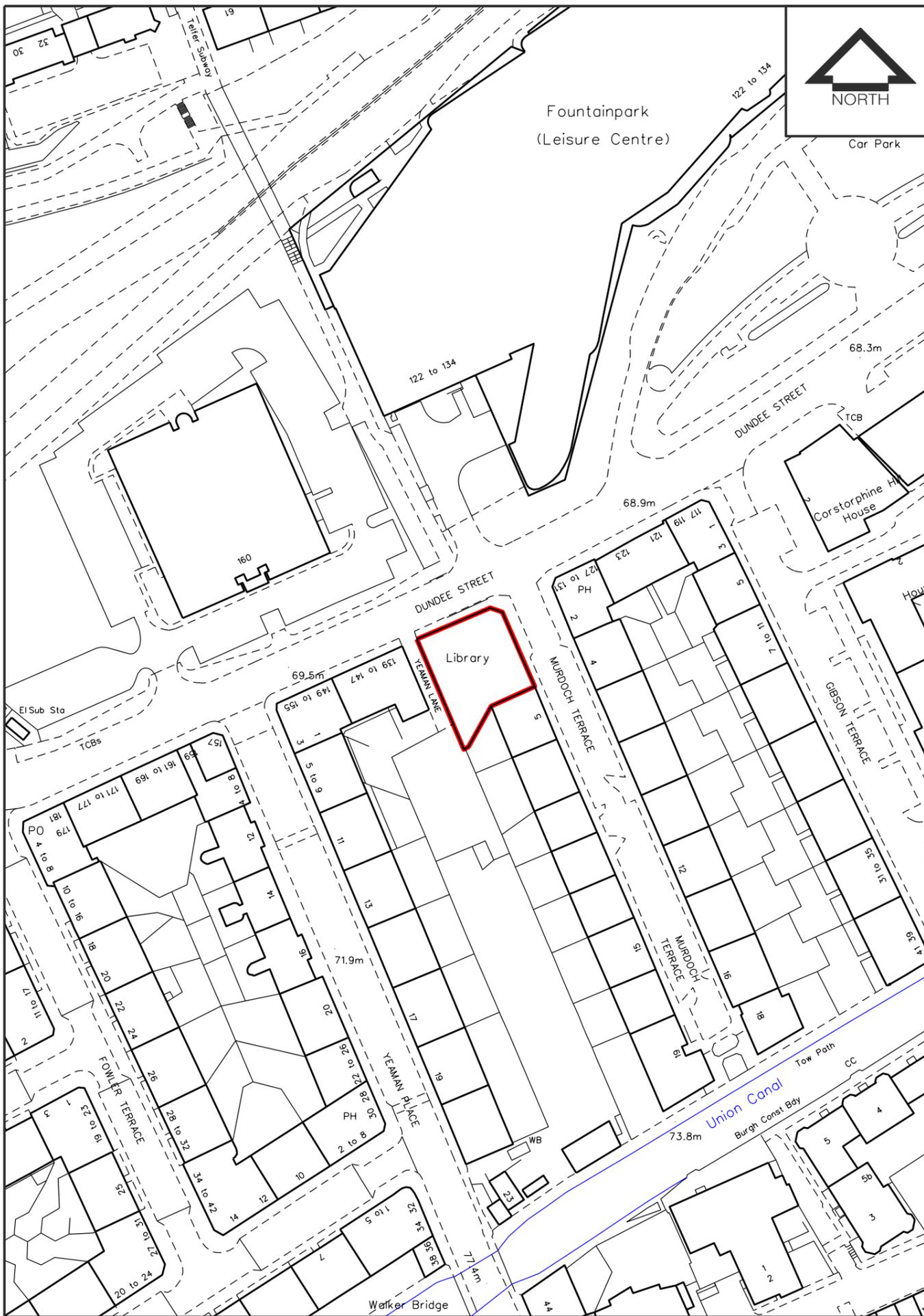
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 N/A.

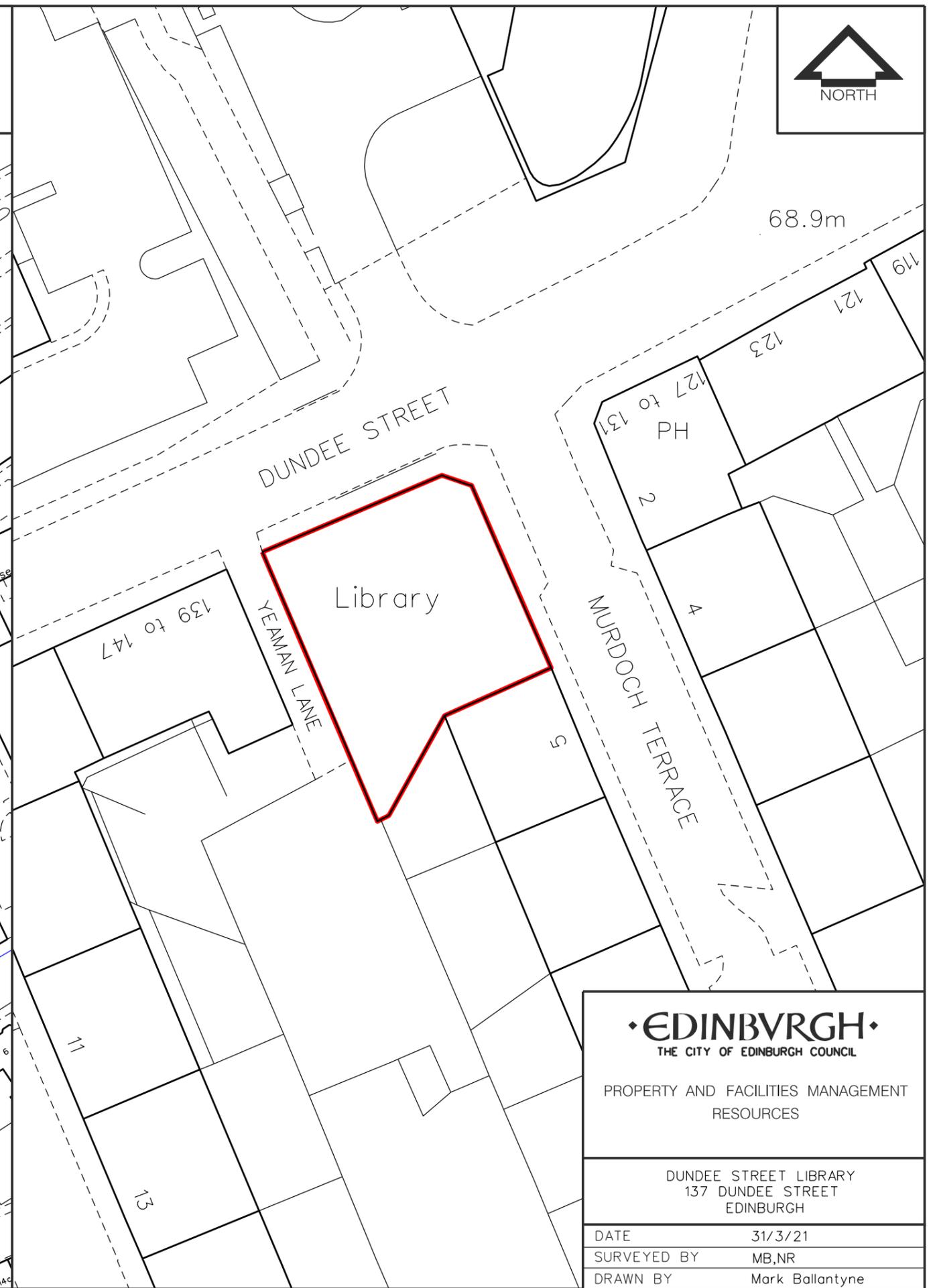
9. Appendices

- 9.1 Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

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