

Finance and Resources Committee

10.00am, Thursday, 14 March 2024

First Floor, Vega Building, Clocktower, South Gyle Crescent, Edinburgh - Proposed New Lease

Executive/routine
Wards

Routine
3- Drumbrae/Gyle

1. Recommendations

- 1.1 That Finance and Resources Committee approve a 15-year lease to Edinburgh Voluntary Organisations Council of the first floor of Vega Building, Clocktower, South Gyle Crescent, Edinburgh on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Place.

Paul Lawrence

Executive Director of Place

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2. Executive Summary

- 2.1 The Vega office building has been vacant for a number of years as the previous tenant did not occupy the building. In 2023, the ground floor was occupied by the Council's Ukrainian Support Service. Edinburgh Voluntary Organisations Council, who work in collaboration with the Council, is seeking a lease of the first floor. This report seeks approval to grant a 15-year lease on the terms and conditions outlined in the report.

3. Background

- 3.1 The Vega building is a modern office formed over three floors around a central core and extends to 1,974 sq m (21,248 sq ft) or thereby and is shown shaded in red on the attached plan attached at Appendix 1.
- 3.2 The building was previously let to KUC Properties on a lease which expired in 2021. KUC never occupied the building. A sub lease to Police Scotland expired in February 2015 and, since that time, the building has remained largely vacant.
- 3.3 In 2023, the Ukrainian Support Service relocated to the property, occupying the ground floor. The team work closely with Edinburgh Voluntary Organisations Council (EVOC), who have been seeking a more permanent location. EVOC have expressed an interest in taking a lease of the first floor which extends to approximately 645 sq m (6,943 sq ft).
- 3.4 EVOC are seeking a secure and long-term base of operations from which they can better support the voluntary sector in Edinburgh. This support includes the opportunity for EVOC to provide space for the sector to work, learn and network together to help meet their current and future needs. It also continues EVOC's long partnership with the Council, working together to improve the lives of Edinburgh's communities and citizens.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- 4.1.1 Subjects: 1st floor, Vega Building, Clocktower, South Gyle Crescent Edinburgh;
 - 4.1.2 Tenant: Edinburgh Voluntary Organisations Council (EVOC);
 - 4.1.3 Lease term: 15-years from 8 April 2024;
 - 4.1.4 Base rent: £30,000 per annum with additional top up payment based on 15% of gross rental income received by EVOC on an annual basis;
 - 4.1.5 Rent free period: Four months from date of entry;
 - 4.1.6 Break option: tenant annual break option on serving not less than six months' notice;
 - 4.1.7 Use: office and ancillary uses;
 - 4.1.8 Repair: tenant full repairing obligation subject to a schedule of condition;
 - 4.1.9 Service Charge: tenant will be liable to pay an annual service charge on a pro rata basis; and
 - 4.1.10 Costs: each party responsible for their own costs.
- 4.2 Rental levels for office accommodation in the Gyle area have reduced considerably due to ageing stock and an increased level of surplus space as organisations embrace hybrid working. Marketing the Vega building is unlikely to result in significant occupier interest with the Council liable for ongoing holding costs for the first and second floors.
- 4.3 The proposed base rent and turnover element would be considered concessionary. However, there is the opportunity to use the accommodation to create a hub for services/organisations which provide support and encourage the voluntary sector.

5. Next Steps

- 5.1 Following approval of the terms by the Finance and Resources Committee, solicitors will be instructed to conclude the legal documentation.

6. Financial impact

- 6.1 Effective from 8 April 2024 the annual rent base will be £30,000 per annum with an additional 15% top up based on the gross income received by EVOC over each year. The income goes to the General Property Account.
- 6.2 The lease of the first floor would relieve the Council of the empty rates liability for the first floor of circa £45,000 per annum.

7. Equality and Poverty Impact

- 7.1 This is a new 15-year lease for a property that has been in business use for many years. It is considered this proposal does not have any adverse equality or poverty implications.

8. Climate and Nature Emergency Implications

- 8.1 It is considered there are no direct Climate and Nature Emergency Implications from offering a new lease on an existing building.

9. Risk, policy, compliance, governance and community impact

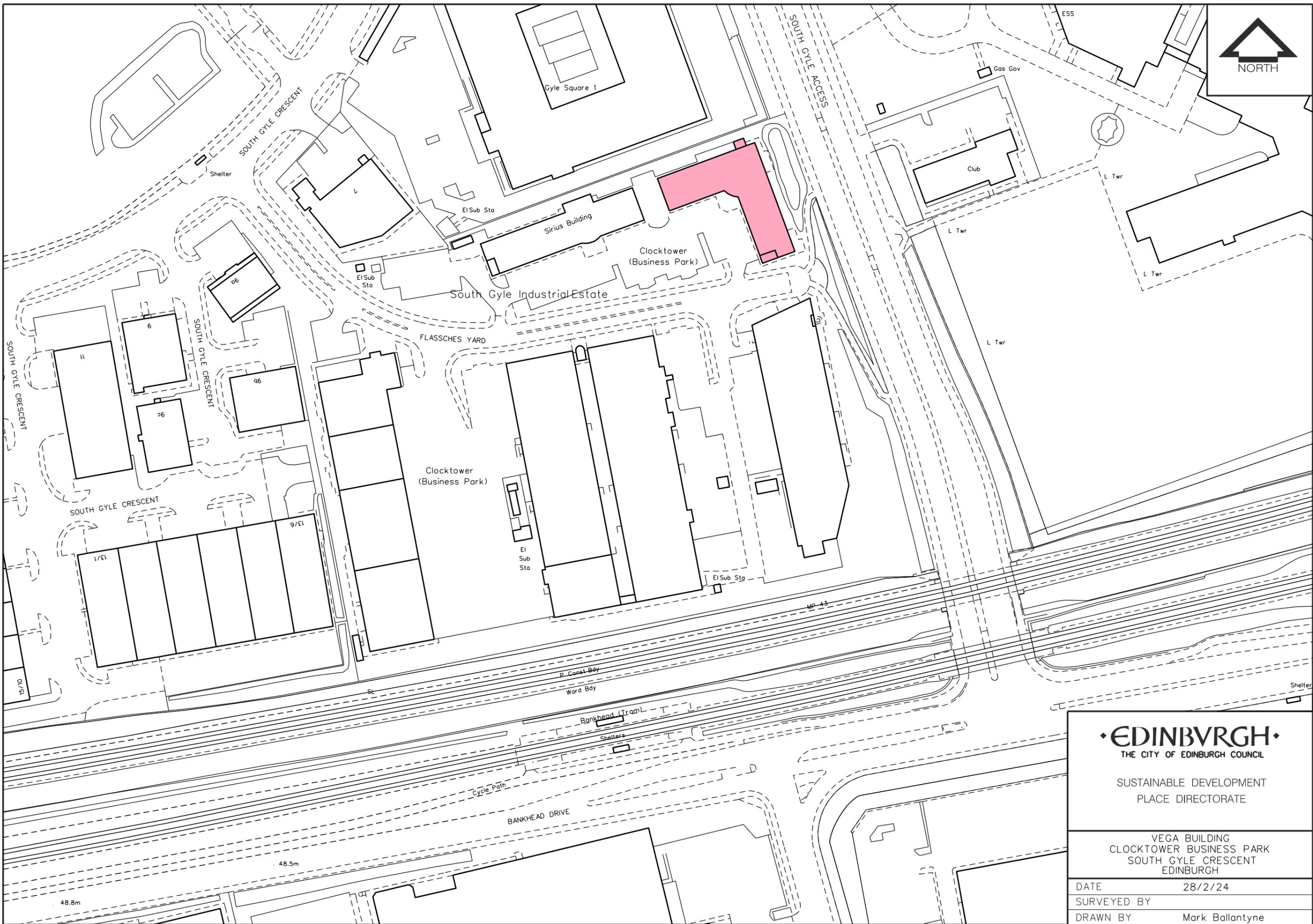
- 9.1 Ward members have been aware of the recommendations of this report.
- 9.2 The proposed lease is in keeping with the Commercial Property Portfolio Strategy that was approved by Committee on 20 June 2023.

10. Background reading/external references

- 10.1 [Commercial Property Portfolio Strategy](#).

11. Appendices

- 11.1 Appendix 1 – Location plan.



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SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
VEGA BUILDING CLOCKTOWER BUSINESS PARK SOUTH GYLE CRESCENT EDINBURGH	
DATE	28/2/24
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1941a

SITE PLAN

SCALE 1:1250

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