

# Finance and Resources Committee

10.00am, Thursday, 16 January 2025

## 5 West Pilton Park, Edinburgh - Proposed Lease

Executive/routine  
Wards

Executive  
4- Forth

### 1. Recommendations

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- 1.1 That the Finance and Resources Committee:
  - 1.1.1 Notes the outcome of the marketing exercise for the property 5 West Pilton Park, Edinburgh;
  - 1.1.2 Decides which of the three bidder options presented in the report should be selected; and
  - 1.1.3 Directs the Council to enter in a lease agreement on the terms outlined in this report for the preferred bidder and on other terms and conditions to be agreed by the Interim Executive Director of Place.

**Gareth Barwell**

Interim Executive Director of Place

Contact: Neil Gordon, Estates Surveyor

E-mail: [neil.gordon@edinburgh.gov.uk](mailto:neil.gordon@edinburgh.gov.uk) | Tel: 07873 702320

## 5 West Pilton Park, Edinburgh - Proposed Lease

### 2. Executive Summary

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- 2.1 5 West Pilton Park was most recently occupied and operated by Pilton Reach Out Project (PROP) Stress Centre as a mental health charity facility. Presently vacant, the property has recently been marketed with offers invited from local groups, charities and organisations for a lease of the building on a concessionary basis. This report outlines the bids received and seeks a decision from the Committee on the preferred option.

### 3. Background

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- 3.1 The property at 5 West Pilton Park extends in total to approximately 814 sqm as shown on the attached plan. It has historically been held on a ground lease with the current building estimated to have been built in approximately 1990. The property extends to approximately 177 sq m (1,905 sq ft).
- 3.2 The property was most recently used by a mental health charity until being vacated in 2023. The former tenant/occupier encountered difficulty operating during and after the Covid-19 pandemic.
- 3.3 The property was formally marketed late June 2024 with expressions of interest sought from local groups, charities and organisations who would like to occupy and operate from the property to deliver relevant services and/or opportunities to benefit and serve the Pilton area and wider community. The tenant would be expected to develop and promote links with local groups to encourage a positive use of the property.
- 3.4 At closing date, six bids were received in total. One bid was deemed invalid due to being submitted after the closing date and a further two were rejected on the basis of incompatible proposed uses.

## 4. Main report

- 4.1 Three valid bids were received and held under consideration. These are summarised in the table below (in bidder alphabetical name order) with further detail taken directly from the three bids received.

<b>Bidder</b>	<b>Lease Terms</b>	<b>Proposed Use</b>
Gurdwara Sri Guru Sabha	20-year lease. Rent £6,000 per annum. 10-months' rent free. Subject to change of use.  Offer is not subject to obtaining funding.	Place of Sikh Worship/Education and Community Centre.
Pilton Equalities Project ( <i>PEP</i> ) – located at 3 West Pilton Park - adjoining 5 West Pilton Park	25-year lease. Rent £1.00 per annum.  Offer is subject to obtaining funding.	For the expansion of PEP at 3 West Pilton Park, which currently provides services to support and promote inclusion for older & other vulnerable adults alongside a mental health support service.
Stepping Stones North Edinburgh	Long lease (50 years minimum)  Rent £500 per annum.  Offer is subject to obtaining funding.	Long lease of land to allow for demolition of existing building and erection of new modular building facility. Extension of Stepping Stones services to provide early learning and group work opportunities to children, young people and parents living in North Edinburgh

### **Gurdwara Sri Guru Sabha**

- 4.2 Gurdwara Sri Guru Sabha (GSGS) are a registered charity since 20 June 2024 [SC053457], having previously been set up (and replacing) EK Onkar Gurdwara Sahib Trust 25 June 2018 [SC048489]. Their stated purpose being the

advancement of Sikh religion and education as well as advancing citizenship, community development and the prevention or relief from poverty.

- 4.3 Within their offer, milestones and key benefits are stated as:
- 4.3.1 Property refurbishment completed by July 2025, opening August 2025;
  - 4.3.2 Langar (communal free kitchen) of free freshly cooked vegetarian meals from day one as well as free female hygiene products and mental health counselling for all;
  - 4.3.3 History, theology, Punjabi and Martial Arts classes from August 2025;
  - 4.3.4 Free School uniforms from September 2025; and
  - 4.3.5 Career Counselling and CV Surgeries from November 2025.
- 4.4 In terms of meeting their six key objectives, GSGS have advised that they are very well established throughout Edinburgh with member numbers of approximately 70 families. Free food (always vegetarian) would be made available to all visitors within the community for those wishing to attend and join the group. To make their presence known, GSGS would intend to utilise external signage as well as appointing a social media Champion who would utilise Social Media to promote membership, activities and services offered.
- 4.5 Financially, the group are confident that they can meet their lease and rent obligations. They have advised they have the ability to finance the required refurbishment and upgrading costs through their membership's 10% contribution of salary scheme along with other separate investments to raise additional capital over and above their current £117,734.
- 4.6.1 Whilst the charity has no direct experience of leasing a commercial property to date, in preparation of their bid, they engaged the services of a solicitor in order to fully understand the roles and responsibilities associated with such an undertaking. The offer by Gurdwara Sri Guru Sabha is not subject to obtaining any additional funding.

#### **Pilton Equalities Project**

- 4.7 Pilton Equalities Project (PEP) have been operating for 35 years since 1989 and are a registered charity [SC010108] operating from 3 West Pilton Park which they own and adjoins the subject property 5 West Pilton Park (semi-detached).
- 4.8 PEP currently offer a range of services including Daycare Clubs, Computer Classes, Neighbourhood Groups, Transport Services and Weekend Resources/Groups.
- 4.9 PEP operate a fleet of 10 wheelchair accessible minibuses used seven days a week for group purposes as well as for other local community groups, charities including School transportation for children and young adults with additional educational needs.

- 4.10 PEP have a team of trained staff and volunteers who provide weekly clubs over seven days, thereby offering over 100 places on a weekly basis. Examples of services provided relate to Computer Classes, English as a Second Language, Literacy, Arts & Crafts, Gardening and Decorating enabling community participation.
- 4.11 The PEP offer is to lease of the whole subjects (outlined in red on plan) to enable the expansion of activities on offer at present made possible by additional floor space of 5 West Pilton Park by knocking through a wall and linking both properties. This all being ground floor accessible. They would relocate their current offices from 3 West Pilton Park to the property. This would free up the function room at 3 West Pilton Park and enable PEP to expand their services considerably and allow them to do and offer more in the support of vulnerable adults. PEP have also confirmed that they would welcome other local charities to make use of this additional space.
- 4.12 PEP have recently procured a building condition survey and cost assessment for refurbishment of the existing building and are therefore informed of the financial commitment and how this links with their budgets and funding. PEP is also open to the phasing of works should funding not immediately be available for the full cost.
- 4.13 The PEP board meet on a monthly basis, thus enabling decisions to be considered and made timeously. The offer from PEP is subject to obtaining funding.
- 4.14 PEP's main source of income is predominantly from grant funding along with elements of donations in addition. The charity therefore has considerable experience of applying for a securing funding having done so for many years to date.

### **Stepping Stones North Edinburgh**

- 4.15 Stepping Stones North Edinburgh (SSNE) a registered Charity [SC021775] have supported families within the North Edinburgh Community since 1986 providing a range of one to one, group work and early learning opportunities in alignment with the National Principles for Holistic Whole Family Support. The offer states SSNE are a staff team of 19 employees and annually support approximately 350 families. SSNE are currently supported by a wide range of funders including the City of Edinburgh Council, Scottish Government, the National Lottery and smaller grants and trusts.
- 4.16 SSNE work closely in partnership with all the local primary schools and early learning settings with most referrals for families coming from social work, education and health.
- 4.17 SSNE moved to Council owned premises via a lease at Inchgarvie Court in April 2022 serving families across the North Edinburgh Community, noting that this location in the heart of the community as an ideal location. However, due to the current size of staff team, the number of families supported and their need for

outdoor space, it does not offer adequate space internally or externally to meet the community's needs.

- 4.18 Following SSNE's procurement of an independent building survey, they received a recommendation from a cost and risk perspective that demolition of the existing building would be more economically viable. SSNE would like to explore the placing a modular structure on site (subject to obtaining planning consent), alongside developing an outdoor learning space for children and young people to create an inclusive space for local families which could be used flexibly to meet the changing needs of those individuals receiving support. SSNE have confirmed that existing service users and families would be actively consulted and involved in any new facility design and functionality.
- 4.19 SSNE therefore have a different vision for the property and the external land, proposing an approach to enable long-term sustainability through a bespoke design tailored to their service delivery from a new purpose-built facility with lower energy and maintenance costs. SSNE are also of the view that such a proposal will be a more advantageous proposition to funders and would facilitate long term sustainably and service delivery.
- 4.20 SSNE already have obtained their board's approval to proceed with the project on the terms outlined in this report but will be subject to securing funding.
- 4.21 SSNE propose to take a three-phase approach to aid utilising the site as soon as possible:
- 4.21.1 Phase One - demolish the existing building ensuring that no.3 West Pilton Park is not adversely affected;
- 4.21.2 Phase Two - erect a temporary structure and develop external play areas, weatherproof shelters, growing beds and a summer house in full consultation with staff, families and service users. During this phase SSNE would also commission Architects/Quantity Surveyors to draw up plans for RIBA Stage two process. Subsequently, funders would then be approached and planning permission for the permanent new facility submitted.
- 4.21.3 Phase Three - construction process of the permanent new modular building and the removal of any temporary structures required at Phase Two.
- 4.22 At the point of a new fully operational facility, SSNE would be able to expand their services, including opportunities for new staff as well as increased volunteering opportunities.

### **Conclusion**

- 4.23 Each of the proposals provide positive and varying community benefits together with variations in terms of the length of lease term, financial benefits and long-term sustainability. Therefore, Committee may wish to consider the risks associated with the proposals to assist their decision making.

- 4.24 The offer from Gurdwara Sri Guru Sabha gives clarity on the basic lease terms and will provide a rental income to the Council of £25,000 over the first five-year period. Whilst their offer is subject to obtaining planning consent for change of use, this is considered low risk and their offer is not subject to obtaining funding. The remaining two offers propose more nominal level rents of £1.00 and £500 per year from PEP and SSNE respectively and carry addition risk, in that, they are dependent on funding, building warrant and/or planning consent.
- 4.25 PEP already has an existing site presence being in the adjoining property and therefore are very well-known and integrated within the community. PEP have procured an independent Cost Assessment and therefore are well informed on the costs required to bring the property back up to operational standard to be adequate for extending their current service delivery.
- 4.26 SSNE are equally very well-known and established within the community. SSNE have procured a professionally accredited independent Building Survey from a firm of Chartered Building Surveyors to inform their proposals from a cost and risk basis. The proposal to demolish the existing building and erect a new modern modular building may provide an economically viable long-term facility specifically designed to deliver targeted services to service users' long term. The Council would need to concede that the demolition of the building is acceptable.
- 4.27 Committee is reminded that a lease at less than market value can be justified when additional benefits empower communities and align with local and national priorities to enable the delivery of best value across the public sector as a whole. The benefits should also contribute to an authority's policy objectives and local priorities. The offers can also be ranked whereby if the preferred option turned out not to be undeliverable, the Council would engage with the under bidder as opposed to offering the building for release on the open market.

## **5. Next Steps**

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- 5.1 Following the decision of Committee, Legal Services will be instructed to progress the preparation of a new lease with the preferred option. Depending on the preferred bidder decision selected by Committee, where further negotiations are required prior to instructing Legal Services, this will be progressed until such time as lease terms have been agreed.

## **6. Financial impact**

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- 6.1 The financial impact, in terms of rent received to the Council depends on the preferred option of the Committee. The property has not previously been rented on commercial terms. In each case, a vacant building will be brought into operational use which will alleviate Council holding costs.

## **7. Equality and Poverty Impact**

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- 7.1 It is considered that all three bidders would bring a positive impact on equality and poverty aspects.

## **8. Climate and Nature Emergency Implications**

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- 8.1 It is considered there are no direct Climate and Nature Emergency Implications arising from the relet of this vacant property.

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

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- 9.1 Ward members have been aware of the contents 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**

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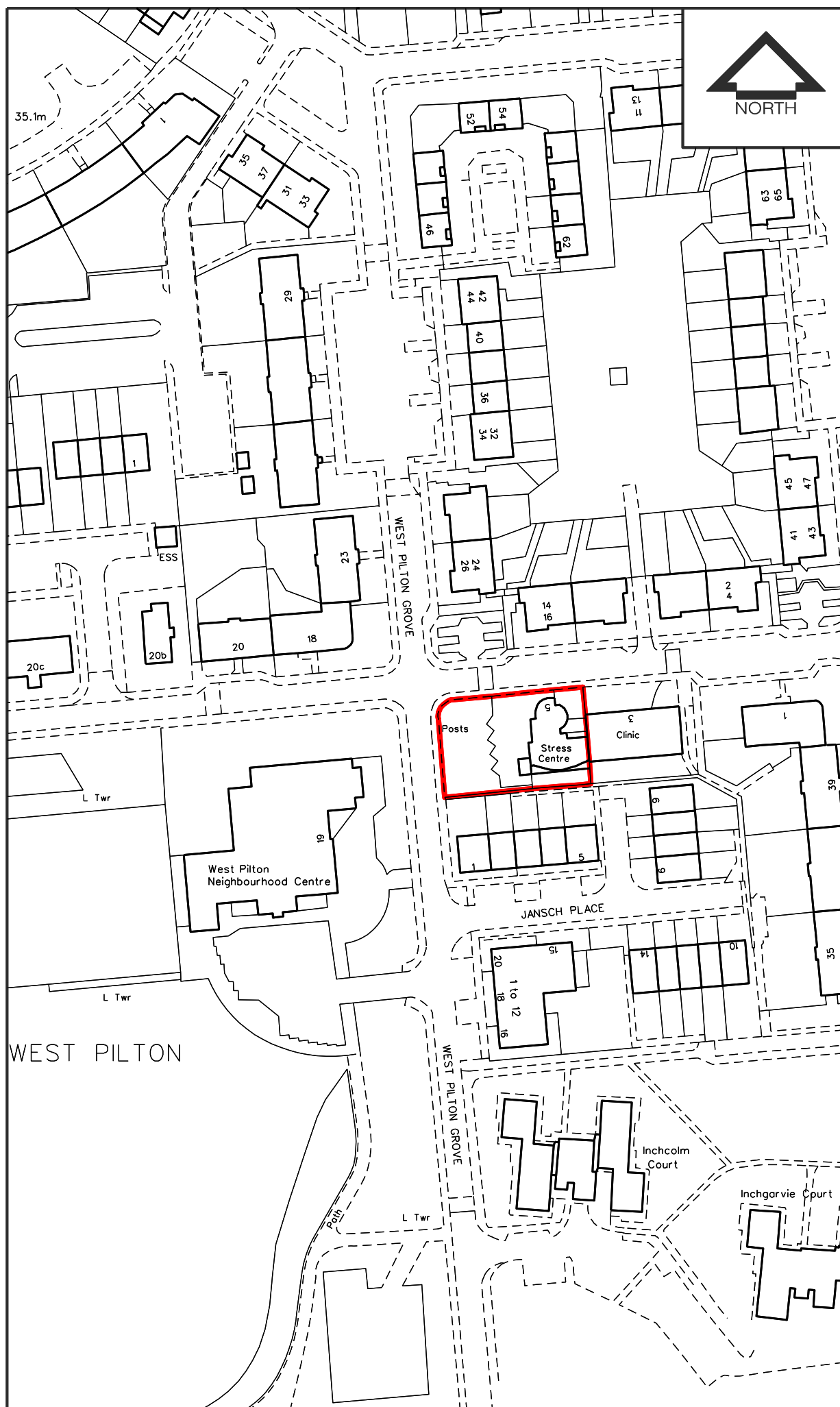
- 10.1 [Commercial Property Portfolio Strategy](#).

## **11. Appendices**

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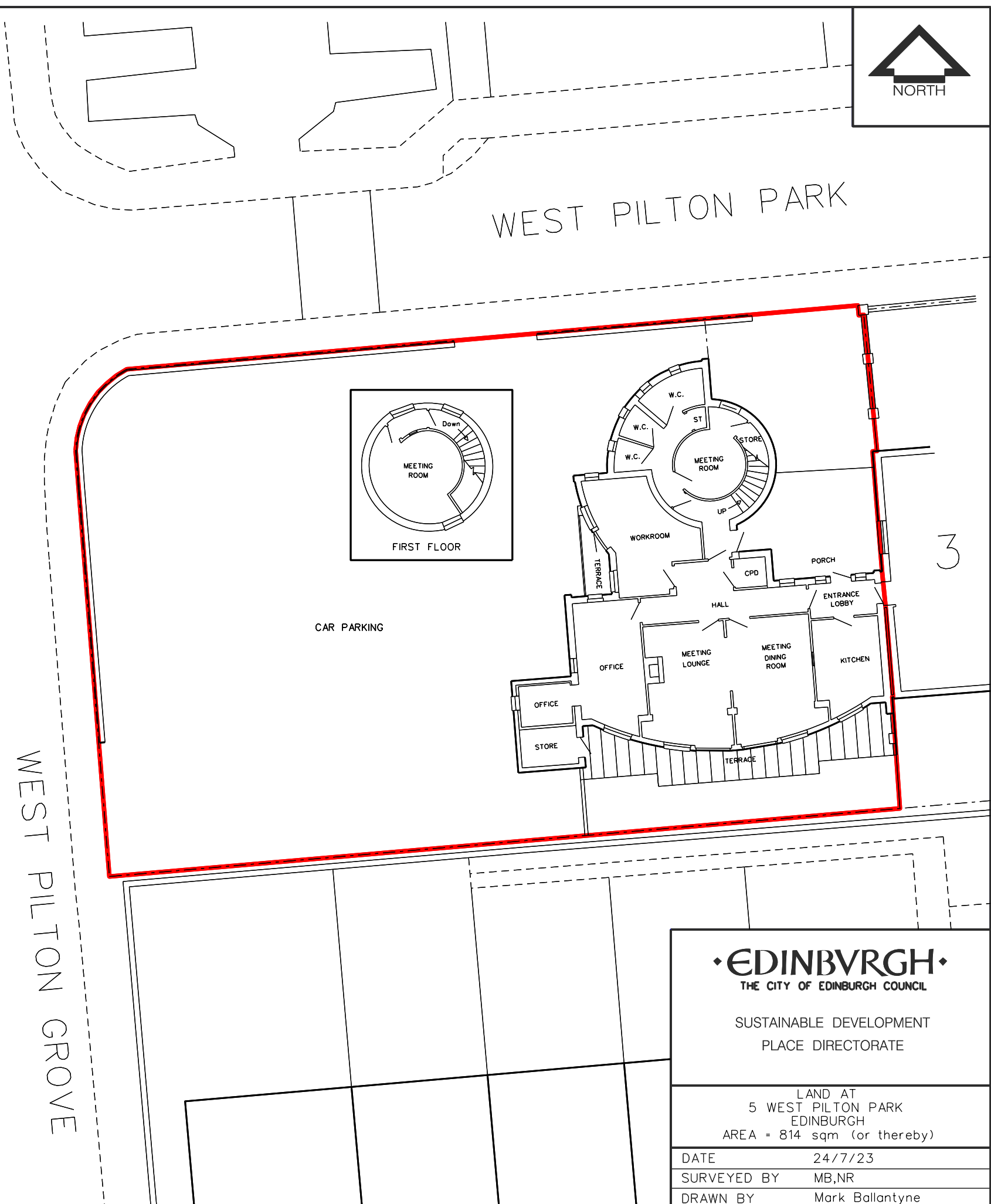
Appendix 1 – Location plan.





LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
LAND AT 5 WEST PILTON PARK EDINBURGH AREA = 814 sqm (or thereby)	
DATE	24/7/23
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2598