

Rationalisation of Office Accommodation: Council Headquarters Building

The City of Edinburgh Council

26 June 2003

1 Purpose of report

- 1.1 To report to Council on the possible advantages to the Council resulting from the proposed Prudential Code for Capital Finance in Local Authorities.

2 Main Report

- 2.1 Discussions with the preferred bidder are nearing completion and draft Heads of Terms have now been agreed. It was anticipated that the Council will be in a position to enter into a lease agreement with Morley Fund Management (MFM) in late June/early July. This would be on the basis of the rental and fixed uplifts for a period of 20 years less one day, as previously reported to and agreed by Council.
- 2.2 Members will recall that previous reports to Council have made reference to restrictions in rules governing the current capital consent regime for local authorities which meant that the Council was limited to entering into a lease agreement for a period of 20 years less one day.
- 2.3 Current discussions between the Director of Finance and the Scottish Executive indicate that the proposed Prudential Code for Capital Finance in Local Authorities, which will be introduced in 2004, will provide the Council with an opportunity to vary from the current leasing proposals. Further clarification is required from the Scottish Executive but, at this time, it is anticipated that a lease period far in excess of 20 years e.g. 35-40 years, could be to the Council's financial advantage. In these circumstances the Scottish Executive has agreed to examine the regulations within the current Section 94 arrangements to determine whether additional flexibility could be afforded to the Council in respect of concluding a lease agreement in the current year.
- 2.4 The Director of City Development is currently in discussions with MFM to examine the financial return to the Council, in the event of an extension to the lease period.

2.5 It is anticipated that the Council will be invited to enter into an Agreement to Lease the new Headquarters prior to the next Council meeting in August 2003 and, therefore, it is necessary for the Council to delegate authority to the Director of City Development, in consultation with the Director of Finance to enter into the Agreement on the basis that it is to the Council's financial advantage.

3. Recommendations

3.1 The Council note the implications of the proposed new Prudential Code for Capital Finance in Local Authorities and the current discussions between the Director of Finance and the Scottish Executive.

3.2 The Council delegate authority to the Director of City Development, in consultation with the Director of Finance, to enter into an Agreement to Lease the new Council Headquarters on revised terms on the basis that it is in the Council's interest to do so.



Andrew Holmes
Director of City Development

18.6.03

Appendices	None
Contact/tel	Bill Ness – 529 4915; Ian McNicoll – 529 4292
Wards affected	Citywide
Background Papers	Report to Council 10 April 2003