

Finance and Resources Committee

10:00a.m., Thursday, 7 March 2019

23 Cockburn Street, Edinburgh – Proposed Lease Extension

Item number	8.3
Executive/routine	Routine
Wards	11 – City Centre
Council Commitments	2 , 3

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves a 20 year lease extension to Stills Limited of 23 Cockburn 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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23 Cockburn Street, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 The commercial unit at 23 Cockburn Street is let to Stills Limited for use as a visual arts and photographic centre.
- 2.2 The lease expires on 30 June 2019 and negotiations have taken place to agree the terms of a 20 year lease extension from that date.
- 2.3 The report seeks approval to grant a 20 year lease extension to Stills Limited on the terms and conditions outlined in the report

3. Background

- 3.1 The commercial premises at 23 Cockburn Street extends to 410.8 sq m (4,421 sq ft) or thereby, over four floors, and is shown outlined and hatched in red on the attached plan. Since 1994, Stills Limited, operating as the Stills Gallery, has been the tenant operating a visual arts and photographic centre. The current rent is £16,000 per annum
- 3.2 On 21 June 1994, the Economic Development and Estates Committee of the former District Council approved the lease of the property to Stills Limited on a 25-year lease at an initial rent of £16,000 per annum, subject to five yearly rent reviews. A two-year rent free period was granted, which was subsequently extended by a further 6 months to allow refurbishment of the property. Stills Limited were successful in raising funding in excess of £1.14m for works to the property and this expenditure was reflected in the original lease terms, including non-implementation of the rent reviews over the period of the lease.
- 3.3 The existing lease expires on 30 June 2019 and the tenant has requested that a lease extension be put in place.

4. Main report

- 4.1 The existing rent of £16,000 per annum is now considered to be concessionary in nature and reflects the circumstances in which the Council and Stills entered into the original lease in 1994. These circumstances are no longer relevant and it is considered that the current rent, which could be expected should the property be marketed, is £47,000 per annum.
- 4.2 In recognition of the substantial increase in rent to Stills Limited by moving away from a concessionary level, a phased increase has been offered over the first five years of the extension to reach the market rental level.
- 4.3 Whilst Stills Limited are keen to remain in the property, they are actively looking for alternative premises in the city. To provide flexibility, a break option will be included within the lease which will allow Stills Limited to terminate the lease at any time during the term, subject to a minimum of 6 months' notice.
- 4.4 The following terms have been offered to the tenant:
- Subjects 23 Cockburn Street, Edinburgh;
 - Lease Extension: 20 years from 1 July 2019 until 30 June 2039;
 - Break Option The tenant will have a break option at any time subject to providing not less than 6 months written notice;
 - Rent:

Year 1	£23,000
Year 2	£29,000
Year 3	£35,000
Year 4	£41,000
Year 5	£47,000
 - Rent Reviews: 5 yearly thereafter to Market Rental Value;
 - Use: For use as an arts and creative industries venue, visual arts and photography centre, with gallery, training and production facilities, workshop space, shop and library;
 - Repairs: Full repairing and maintaining obligation;
 - Other terms: As contained in the subjects existing lease;
 - Costs: Each party will be liable for their own costs.
- 4.5 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.

5. Next Steps

- 5.1 If Committee approval is granted, the Council will seek to enter into the lease extension with Stills Limited in accordance with the terms and conditions outlined within this report.

6. Financial impact

- 6.1 Agreeing the lease extension will result in an increase in rent to the General Property Account, on a phased basis over 5 years, to £47,000 per annum.

7. Stakeholder/Community Impact

- 7.1 Ward elected members have been made aware of the recommendations of this report.
- 7.2 The impact on equalities has been considered. The Integrated Impact Assessment (IIA) checklist has been completed and the outcome is that a full IIA is not required for this report. This is a lease extension to a tenant who has occupied the property since 1994.

8. Background reading/external references

- 8.1 None

9. Appendices

- 9.1 Appendix 1 – Location Plan



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 THE CITY OF EDINBURGH COUNCIL
 PROPERTY AND FACILITIES MANAGEMENT
 RESOURCES

23 COCKBURN STREET EDINBURGH	
DATE	28/1/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/2071

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

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