

Finance and Resources Committee

10.00a.m, Thursday, 17 March 2016

Proposed Lease Extension at 19 Grassmarket, Edinburgh

Item number	8.2
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

The retail unit at 19 Grassmarket is let to Mary Rose Hillard and trades as Mary's Milk Bar.

The lease is due to expire on 31 May 2016 and the tenant has requested a 10 year lease extension, and for the lease to be assigned into her company name of Mary's Milk Bar Limited.

This report seeks approval to the grant of a 10 year lease extension on the terms and conditions outlined in the report.

Links

Coalition pledges	P15 , P28
Council outcomes	CO8 , CO9
Single Outcome Agreement	SO1

Proposed Lease Extension at 19 Grassmarket, Edinburgh

Recommendations

1.1 That Committee:

- 1.1.1 Approves a 10 year lease extension to Mary's Milk Bar Limited of retail premises at 19 Grassmarket, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The shop premises at 19 Grassmarket extends to 40.42m² (435sq ft) or thereby as shown outlined in red on the attached plan.
- 2.2 Since June 2013, Mary Rose Hillard has been the tenant at the property operating a café and takeaway business. The current rent is £10,800pa excluding VAT.

Main report

- 3.1 The existing lease expires on 31 May 2016 and Mary Rose Hillard has requested that the Council grant a 10 year lease extension from 1 June 2016 and that the lease is assigned to the name of her company, Mary's Milk Bar Limited.
- 3.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
 - Subjects: Retail shop at 19 Grassmarket, Edinburgh;
 - Lease Extension: 10 years from 1 June 2016 until 31 May 2026;
 - Break Option: Tenant only break option on the fifth anniversary;
 - Rent: £10,800 per annum (current market rental value);
 - Rent Reviews: Reviewed on each fifth anniversary of the term to open market value;
 - Use: Café & Takeaway; and
 - Repairs: Full repairing and maintaining obligation.

Measures of success

- 4.1 Granting a 10 year lease extension will allow the existing tenant to continue her long term financial planning of the business and in turn sustain employment for her workers, and also help maintain the vibrant mix of retailers found in the Grassmarket.

Financial impact

- 5.1 The passing rent has been reviewed and is considered to be current market value. As such a continued rent of £10,800 per annum to the Housing Revenue Account will be maintained.

Risk, policy, compliance and governance impact

- 6.1 This is a 10 year lease extension to the existing tenant who has been trading from the property since June 2013. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

Equalities impact

- 7.1 An enhancement of rights has been identified as through a lease extension, it will ensure that the existing tenant can continue to plan both financially and in terms of developing their business. This will allow them to continue to provide a high level of service and experience to her employees and customers. This directly links to an enhancement of the following rights namely (i) Legal Security, (ii) Education and Learning and (iii) Productive and Valued Activities.
- 7.2 A possible infringement has been identified in that by offering a lease extension to the current tenant rather than placing the retail premises on the open market, there is the potential impact on others who may want to lease the shop. However, given the established nature of the tenants business and the possible effect on it if a lease extension is not granted, the impact is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report as the property has been leased out as a retail shop for many years and this is set to continue.

Consultation and engagement

- 9.1 N/A.

Background reading/external references

N/A.

Hugh Dunn

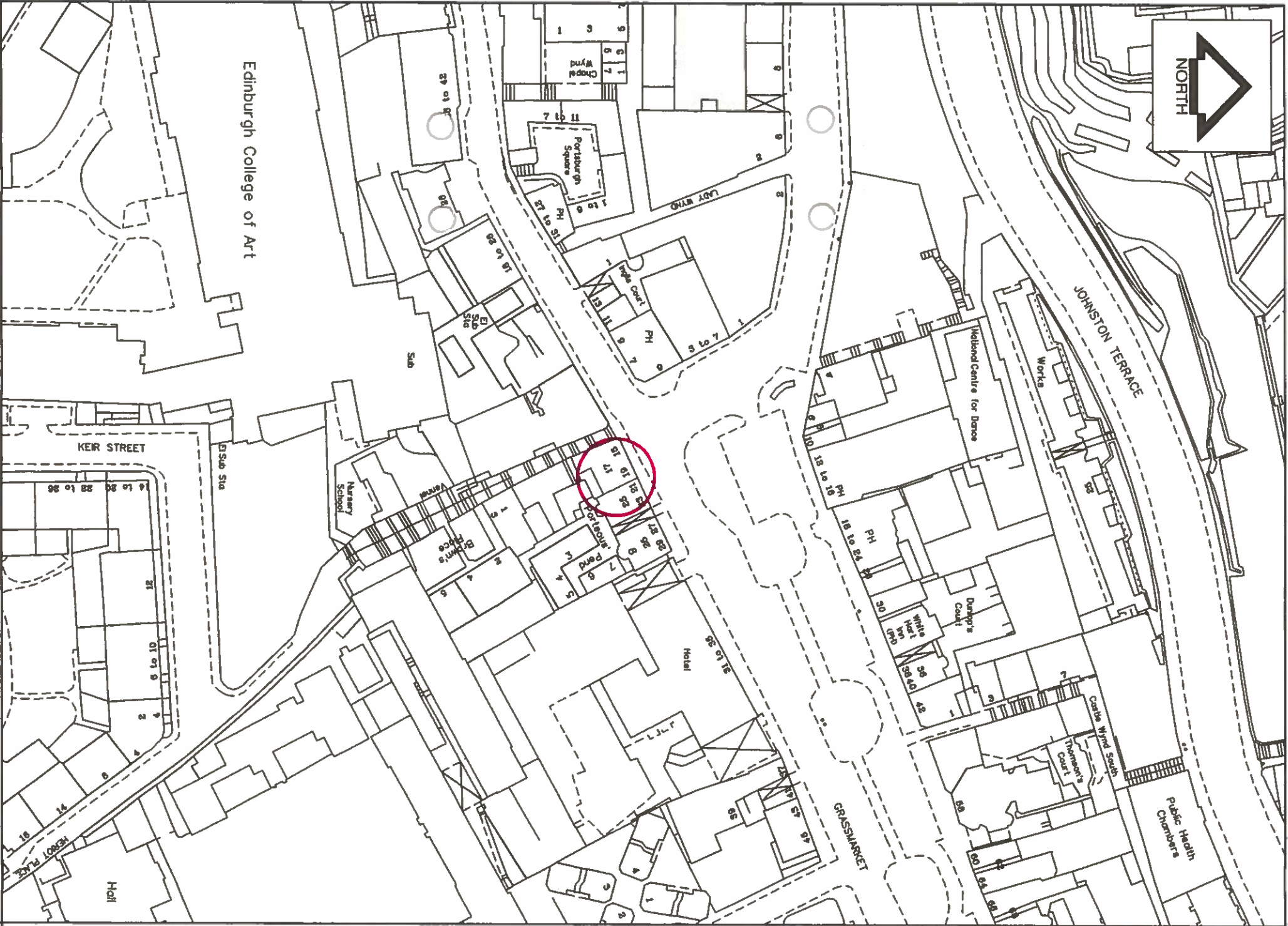
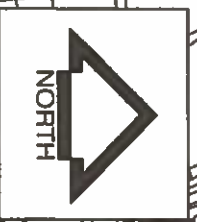
Acting Executive Director of Resources

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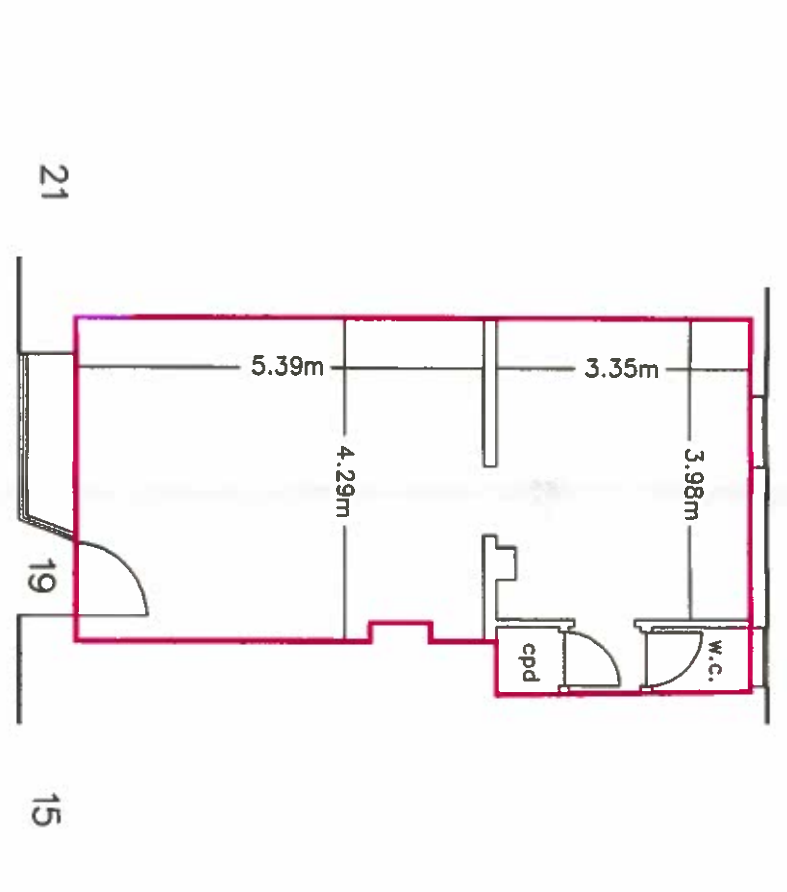
Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council outcomes	CO8 – Edinburgh’s economy creates and sustains job opportunities. CO9 – Edinburgh’s residents are able to access job opportunities.
Single Outcome Agreement	SO1 – Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1: Location Plan.



LOCATION PLAN

SCALE 1:1250



GRASSMARKET

SITE PLAN

SCALE 1:100

EDINBURGH
 THE CITY OF EDINBURGH COUNCIL
 CITY DEVELOPMENT
 EDINBURGH

SHOP AT 19 GRASSMARKET
 EDINBURGH

DATE 14/4/06
 SURVEYED BY Mark Ballantyne
 DRAWN BY Mark Ballantyne

FILE NO.
 NEG. NO. 19Grassmarket.dgn