

Finance and Resources Committee

10.00 am, Thursday, 12 May 2016

Proposed New Lease at 56 High Street, Edinburgh

Item number	8.1
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

The retail unit at 56 High Street, Edinburgh is let to David and Susanna Heard and trades as Palenque.

The lease is due to expire on 28 May 2016 and the tenant has requested a new 10 year lease in the name of their company Palenque (Edinburgh) Limited.

This report seeks approval to the grant of a new 10 year lease to Palenque (Edinburgh) Limited on the terms and conditions outlined in the report.

Links

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

Proposed New Lease at 56 High Street, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the grant of a new 10 year lease to Palenque (Edinburgh) Limited of retail premises at 56 High Street, 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 56 High Street extends to 51.08m² (550sq ft) or thereby and is shown outlined in red on the attached plan.
- 2.2 Since September 1992, Mr and Mrs Heard have been the tenant at the property operating a jewellery business trading as Palenque. The current rent is £15,000pa excluding VAT.

Main report

- 3.1 The existing lease expires on 28 May 2016 and the tenant has requested that the Council grant a new 10 year lease from 29 May 2016 to their company, Palenque (Edinburgh) Limited.
- 3.2 The tenant has fulfilled all its legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
 - Subjects: Retail shop at 56 High Street, Edinburgh;
 - New Lease: 10 years from 29 May 2016 until 28 May 2026;
 - Break Option: Tenant only break option on the fifth anniversary;
 - Rent: £21,300 per annum (current market rental value);
 - Rent Reviews: Reviewed on each fifth anniversary of the term to open market value;
 - Use: The sale of jewellery and associated goods;
 - Repairs: Full repairing and maintaining obligation; and
 - Other terms: As contained in a standard commercial lease.

Measures of success

- 4.1 Granting a new 10 year lease will allow the tenant to continue its long term financial planning of the business and in turn sustain employment for its workers and also help maintain the vibrant mix of retailers found in the High Street.

Financial impact

- 5.1 An increase in rent of £6,300 per annum payable to the General Property Account.

Risk, policy, compliance and governance impact

- 6.1 This is a new 10 year lease to the existing tenants company. The existing tenant has been trading from the property since September 1992. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as through a new lease, it will ensure that the 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 their 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.
- 7.3 A possible infringement has been identified in that by offering a new lease 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 new lease 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

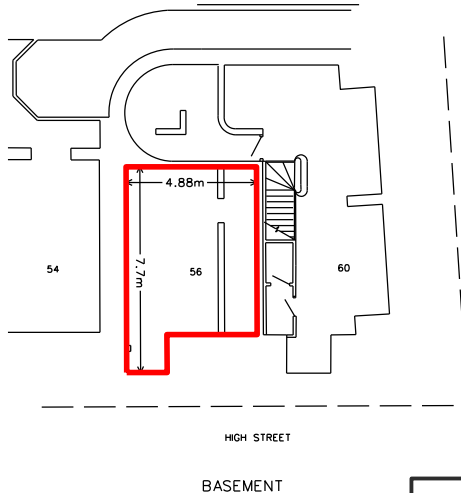
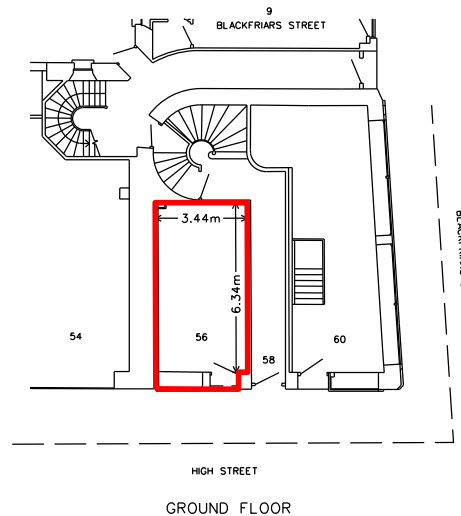
Acting Executive Director of Resources

Contact: Iain E Lamont, Estates Surveyor

E-mail: ian.lamont@edinburgh.gov.uk | Tel: 0131 529 7610

Links

Coalition pledges	<p>P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.</p> <p>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.</p>
Council outcomes	<p>CO8 – Edinburgh’s economy creates and sustains job opportunities.</p> <p>CO9 – Edinburgh’s residents are able to access job opportunities.</p>
Single Outcome Agreement	<p>SO1 – Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.</p>
Appendices	<p>Location plan.</p>



• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
SERVICES FOR COMMUNITIES EDINBURGH	
SHOP AT 56 HIGH STREET EDINBURGH	
DATE	10/3/16
SURVEYED BY	
DRAWN BY	Mark ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/14 39

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

THIS MAP IS REPRODUCED FROM ORDNANCE SURVEY MATERIAL WITH PERMISSION OF ORDNANCE SURVEY ON BEHALF OF THE CONTROLLER OF HER MAJESTY'S STATIONARY OFFICE CROWN COPYRIGHT. UNAUTHORISED REPRODUCTION INFRINGES CROWN COPYRIGHT LICENCE NUMBER 100023420. CITY OF EDINBURGH 2013 AND MAY LEAD TO PROSECUTION OR CIVIL PROCEEDINGS.