

Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

Proposed 10 year lease extension at 69B Braid Road, Edinburgh

Item number	8.6
Report number	
Executive/routine	Routine
Wards	10 – Meadows/Morningside

Executive summary

The former lodge house at Hermitage of Braid, 69B Braid Road is let to Michael Mansell who operates a small tea room/coffee shop from the premises.

The lease is due to expire on 30 May 2020 and the tenant has requested a 10 year lease extension.

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

Links

Coalition pledges	P15 , P28
Council priorities	CP5 , CP8 , CP9 , CP12
Single Outcome Agreement	SO1

Proposed 10 year lease extension at 69B Braid Road, Edinburgh

Recommendations

- 1.1 That Committee approves a 10 year lease extension to Michael Mansell of the former lodge house at Hermitage of Braid, 69B Braid Road, 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 premises at 69B Braid Road extend to 38.66m² (416sq ft) or thereby as shown outlined in red on the attached plan.
- 2.2 The property became vacant, and was placed on the open market for lease, at the end of 2014. Following a closing date, the Council agreed a lease with Michael Mansell from 1 June 2015 to 31 May 2020. Mr Mansell operates a small tea room/coffee shop from the premises. The current rent is £5,500pa excl VAT.

Main report

- 3.1 The existing lease expires on 31 May 2020 and the tenant has requested a 10 year lease extension with a new expiry date of 31 May 2030. Although there are still more than three years unexpired on the existing lease, the tenant requires the security of a longer term in order to invest in the property.
- 3.2 The tenant has fulfilled all his legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:

Subjects:	69B Braid Road, Edinburgh;
Lease term:	10 years from 1 June 2020 until 31 May 2030;
Rent:	£5,500 per annum (current market rental value);
Rent Reviews:	Reviewed on each fifth anniversary of the term to open market value (1/6/2020 and 01/06/2025);
Use:	Small tea room/coffee shop;
Repairs:	Full repairing and maintaining obligation;
Other terms:	As contained in a standard commercial lease; and

Costs: The tenant shall meet the Council's costs incurred in completing the transaction.

Measures of success

- 4.1 Granting a 10 year lease extension will provide greater security of tenure allowing the tenant to invest in the property and continue his long term financial planning of the business and, in turn, sustain employment for his workers.

Financial impact

- 5.1 Continued receipt £5,500 per annum to the General Property Account until next rent review at 1 June 2020.

Risk, policy, compliance and governance impact

- 6.1 This is 10 year lease extension to the existing tenant. The existing tenant has been trading from the property since May 2015 having secured a lease following a full marketing campaign and closing date. 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 lease extension, 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 lease extension to the current tenant rather than placing the premises on the open market in 2020, there is the potential impact on others who may want to lease the premises. However, given the tenants business will have been established for five years at the current expiry date (2020) 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.

Consultation and engagement

9.1 N/A

Background reading/external references

N/A

Hugh Dunn

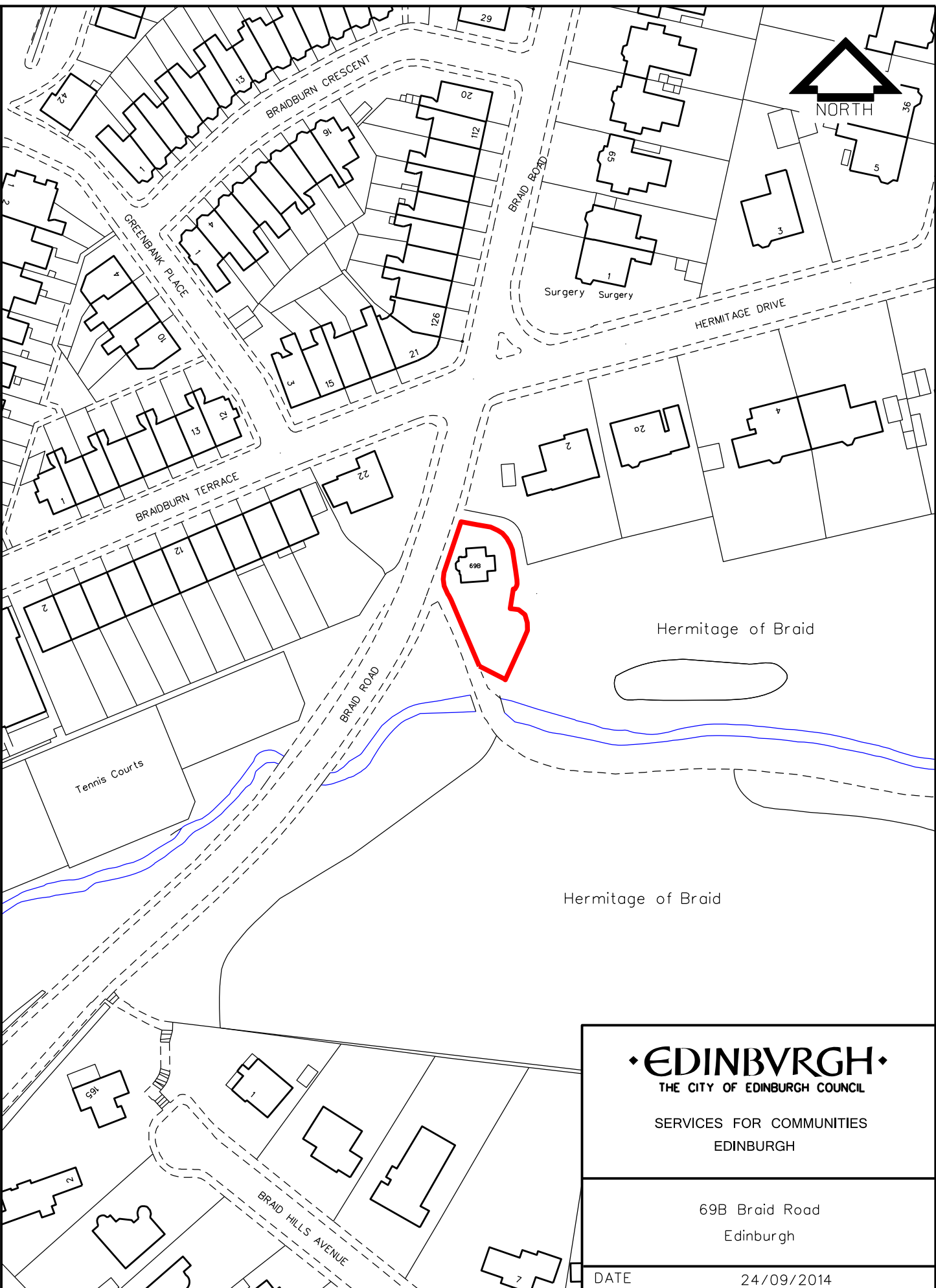
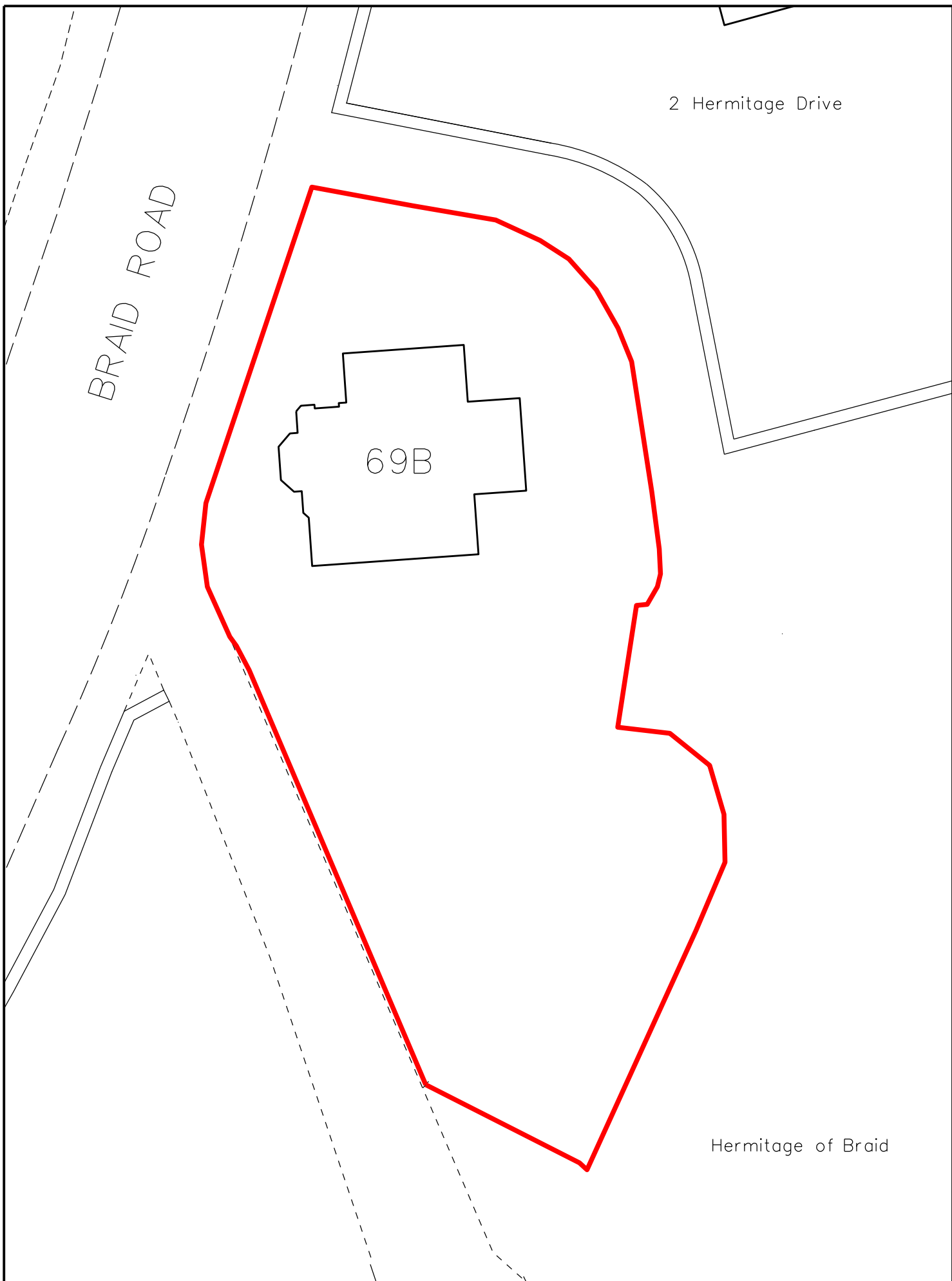
Acting Executive Director of Resources

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Links

Coalition pledges	<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 priorities	<p>CP5 – Business growth and investment.</p> <p>CP8 – A vibrant, sustainable local economy.</p> <p>CP9 – An attractive city.</p> <p>CP12 – A built environment to match our ambition.</p>
Single Outcome Agreement	<p>SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.</p>
Appendices	<p>Appendix 1 - Location Plan</p>



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 THE CITY OF EDINBURGH COUNCIL
 SERVICES FOR COMMUNITIES
 EDINBURGH

69B Braid Road Edinburgh	
DATE	24/09/2014
SURVEYED BY	FM/NR
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT2470/A3/1505

SITE PLAN

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

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