

# Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

## Proposed 15 year lease at Unit 1, 72/78 Niddrie Mains Road, Edinburgh

Item number	8.5
Report number	
Executive/routine	Routine
Wards	17 – Portobello/Craigmillar

### Executive summary

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The retail unit at 72/78 Niddrie Mains Road is currently occupied on a rolling annual tenancy basis and the existing occupier has provisionally agreed to sell the business.

The proposed purchaser is seeking a new lease, with a longer term. The property is in need of refurbishment and the proposed new tenant requires additional security prior to investing in the property.

This report seeks approval to the grant of a new 15 year lease to Ms Raheela Mohammed on the terms and conditions outlined in the report.

### Links

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Coalition pledges	<a href="#">P15</a> , <a href="#">P28</a>
Council priorities	<a href="#">CP5</a> , <a href="#">CP8</a> , <a href="#">CP9</a> , <a href="#">CP12</a>
Single Outcome Agreement	<a href="#">SO1</a>

## Proposed 15 year lease at Unit 1, 72/78 Niddrie Mains Road, Edinburgh

### Recommendations

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- 1.1 That Committee:
  - 1.1.1 Approves a new 15 year lease to Ms Raheela Mohammed of the retail premises at Unit 1, 72/78 Niddrie Mains 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

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- 2.1 The premises at Unit 1, 72/78 Niddrie Mains Road extend to 451 sq. m (4,852 sq. ft) or thereby and are shown outlined in red on the attached plan.
- 2.2 The property is let to Mr Barrie Dear & Mrs Leslie Dear, trading as Londis Convenience Store, which incorporates both a local pharmacy and Post Office. The lease has continued on an annual basis since May 2011 and could be terminated by the occupier in May 2017 (on serving 3 months written notice). The current rental is £28,000 per annum.
- 2.3 The current occupiers have been actively marketing the sale of their business and have provisionally agreed the sale to Ms Raheela Mohammed. This is subject to the Council agreeing to the grant of a new lease, with a longer term. The property is in need of refurbishment and the proposed tenant requires additional security prior to investing in the property.
- 2.4 This new lease will result in a Post Office service being retained in the local area. The pharmacy service will not continue, although this is already well provided for in the area.

### Main report

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- 3.1 The following terms have been provisionally agreed:
  - Subjects: Unit 1, 72/78 Niddrie Mains Road, Edinburgh;
  - Lease term: 15 years from date of entry with tenant break option on seventh anniversary on six months notice;
  - Rent: £33,000 per annum (current market rental value);

- Rent Reviews: Reviewed on fifth and tenth anniversary of the term to open market value;
- Use: Convenience Store and Post Office (as existing);
- Repairs: Full repairing and maintaining obligation; and
- Other terms: As contained in a standard commercial lease.

## Measures of success

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- 4.1 Granting a new 15 year lease of the premises will retain local services including the Post Office, generate an increased rental income and avoid vacant property costs.

## Financial impact

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- 5.1 Increased rental income of £5,000 per annum payable to the General Property Account. If the property was to fall vacant, the Council would be liable for vacant property costs of approximately £13,000 per annum, together with lost rental income.

## Risk, policy, compliance and governance impact

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- 6.1 This is a new 15 year lease of a property which is currently occupied on a year to year basis. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.
- 6.2 The business/property has been fully marketed by the existing tenant for approximately two years. A comparable vacant property in the area has been openly marketed by the Council for a similar period and has demonstrated difficulties in re-letting properties of this size in the local area.

## Equalities impact

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- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 It considered that the main enhancement of rights is through physical security with a vacant unit that could be seen as a target for vandalism and anti social behaviour being leased out and occupied. Furthermore, the new lease at this property would continue to provide a service to the local community and enhancing the right of productive and valued activities.
- 7.3 In a commercial property letting the main infringement of rights can often be claimed by parties who were not given the opportunity to lease or make an offer for the property. It is not considered to be the case in this instance as it forms part of a business sale, with the purchaser seeking to secure an increased lease term, prior to investing in the refurbishment of the property.

## Sustainability impact

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8.1 There are no sustainability issues arising from this report.

## Consultation and engagement

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9.1 N/A.

## Background reading/external references

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N/A.

### Hugh Dunn

Acting Executive Director of Resources

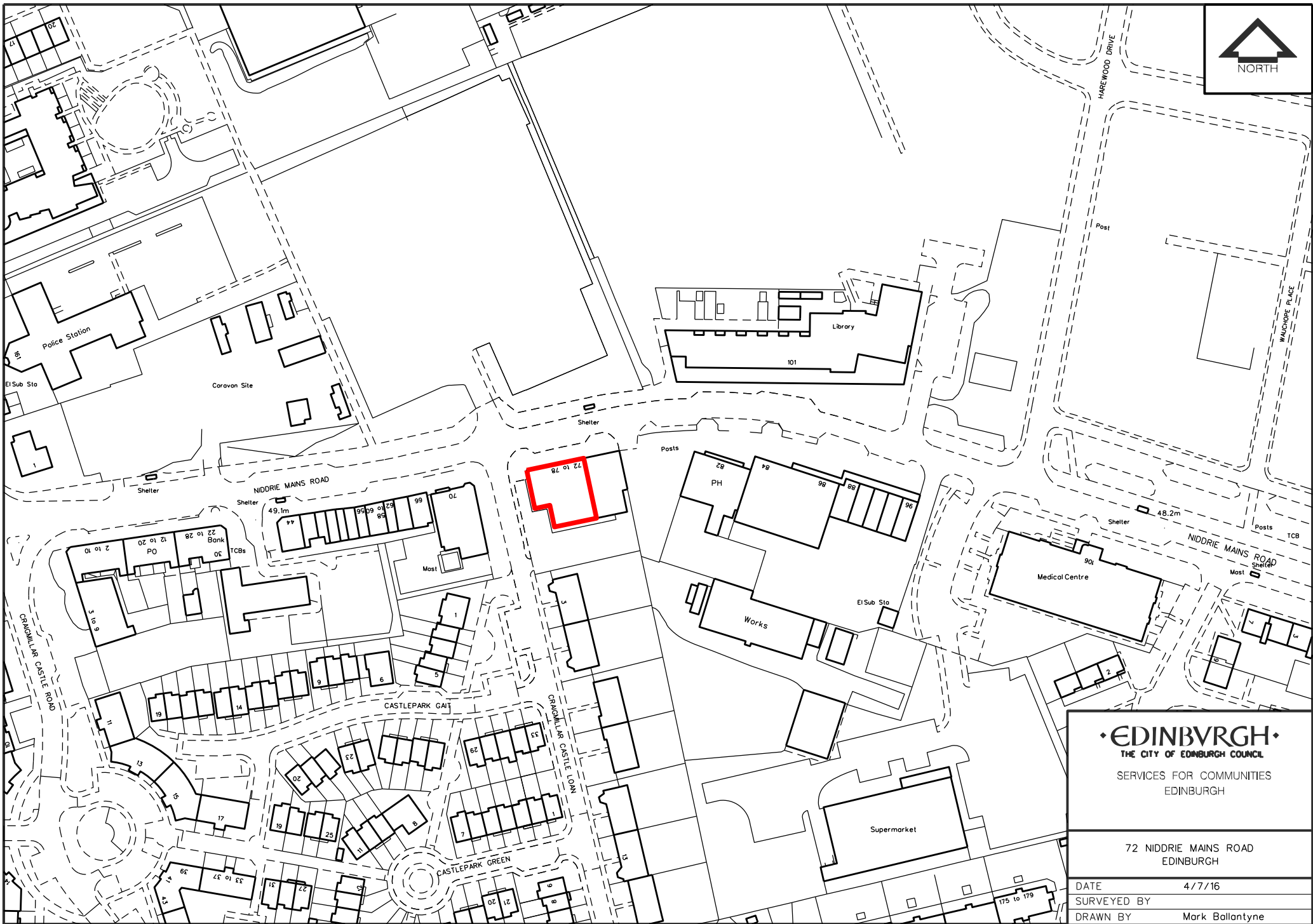
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## Links

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<b>Coalition pledges</b>	<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>
<b>Council outcomes</b>	<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>
<b>Single Outcome Agreement</b>	<p>SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.</p>
<b>Appendices</b>	<p>Appendix 1 - Location Plan</p>



SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

**EDINBURGH**  
 THE CITY OF EDINBURGH COUNCIL  
 SERVICES FOR COMMUNITIES  
 EDINBURGH

72 NIDDRIE MAINS ROAD  
 EDINBURGH

DATE	4/7/16
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1684

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