

# Finance and Resources Committee

10.00 am, Thursday, 1 December 2016

## Proposed New 15 Year Lease of 173 – 175 Canongate, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	11 – City Centre

### Executive Summary

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To seek Committee approval to grant a new 15 year lease of the retail shop at 173-175 Canongate, Edinburgh to The Firm of Hamilton and Young, with effect from 1 April 2017, at a revised rental of £26,320 per annum exclusive of VAT.

### Links

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Coalition Pledges	<a href="#">P15</a> , <a href="#">P28</a>
Council Priorities	<a href="#">CP5</a> , <a href="#">CP7</a> , <a href="#">CP8</a>
Single Outcome Agreement	<a href="#">SO1</a>

## Proposed New 15 Year Lease of 173 – 175 Canongate, Edinburgh

### 1. Recommendations

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That Committee:

- 1.1 Approves a new 15 year lease to The Firm of Hamilton and Young of retail premises at 173-175 Canongate, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

### 2. Background

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- 2.1 The property comprises two retail shops combined behind a frontage that is set back from the building line under a vaulted arcade on Canongate. The property lies in the middle section of Canongate that is bounded to the west by the pend leading to St John's Street and to the east by the Canongate Kirk, as shown on the attached plan.
- 2.2 Historically the shops have been separate units, however the tenant has undertaken internal alterations to form a single retail unit that extends to 122.29sqm (1,316sq ft).

### 3. Main report

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- 3.1 The current tenant, The Firm of Hamilton and Young, is a jewellery retailer trading as Hamilton & Young and has leased No.173 from the Council since April 1999, and No.175 since March 2014, paying a current combined rent of £20,180 per annum.
- 3.2 The tenant has requested that the Council grant a new single 15 year lease over both units to reflect the current configuration as a single trading unit. The tenant has met all their financial and legal obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
  - Subjects: Retail shop at 173-175 Canongate, Edinburgh;
  - New Lease: 15 years from 1 April 2017 until 31 March 2032;
  - Rent: £26,320 per annum (current market rental value);

- Rent Reviews: Reviewed on each fifth anniversary of the term to open market value;
- Use: Jewellery retailer; and
- Repairs: Full repairing and maintaining obligation.

#### **4. Measures of success**

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- 4.1 Granting a new 15 year lease will allow the business to continue their long term financial planning and, in turn, sustain employment for its workers.

#### **5. Financial impact**

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- 5.1 The proposed new lease will result in an increase in rent of £6,140 per annum to the General Property Account.

#### **6. Risk, policy, compliance and governance impact**

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- 6.1 This is a new lease to The Firm of Hamilton and Young who have been a Council tenant since April 1999 and have fulfilled their legal and financial obligation since that time. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

#### **7. Equalities impact**

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- 7.1 An enhancement of rights has been identified as through a new lease, it will ensure that The Firm of Hamilton and Young 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 (i) Legal Security, (ii) Education and Learning and (iii) Productive and Valued Activities.
- 7.2 A possible infringement has been identified by offering a new lease rather than placing the retail premises on the open market, which will have a 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.

#### **8. Sustainability impact**

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- 8.1 There are no sustainability issues arising from this report as it is a new lease being proposed for a property that has been in retail use for many years and is to continue to be in retail use.

## 9. Consultation and engagement

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9.1 N/A

## 10. Background reading/external references

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10.1 N/A

### Hugh Dunn

Acting Executive Director of Resources

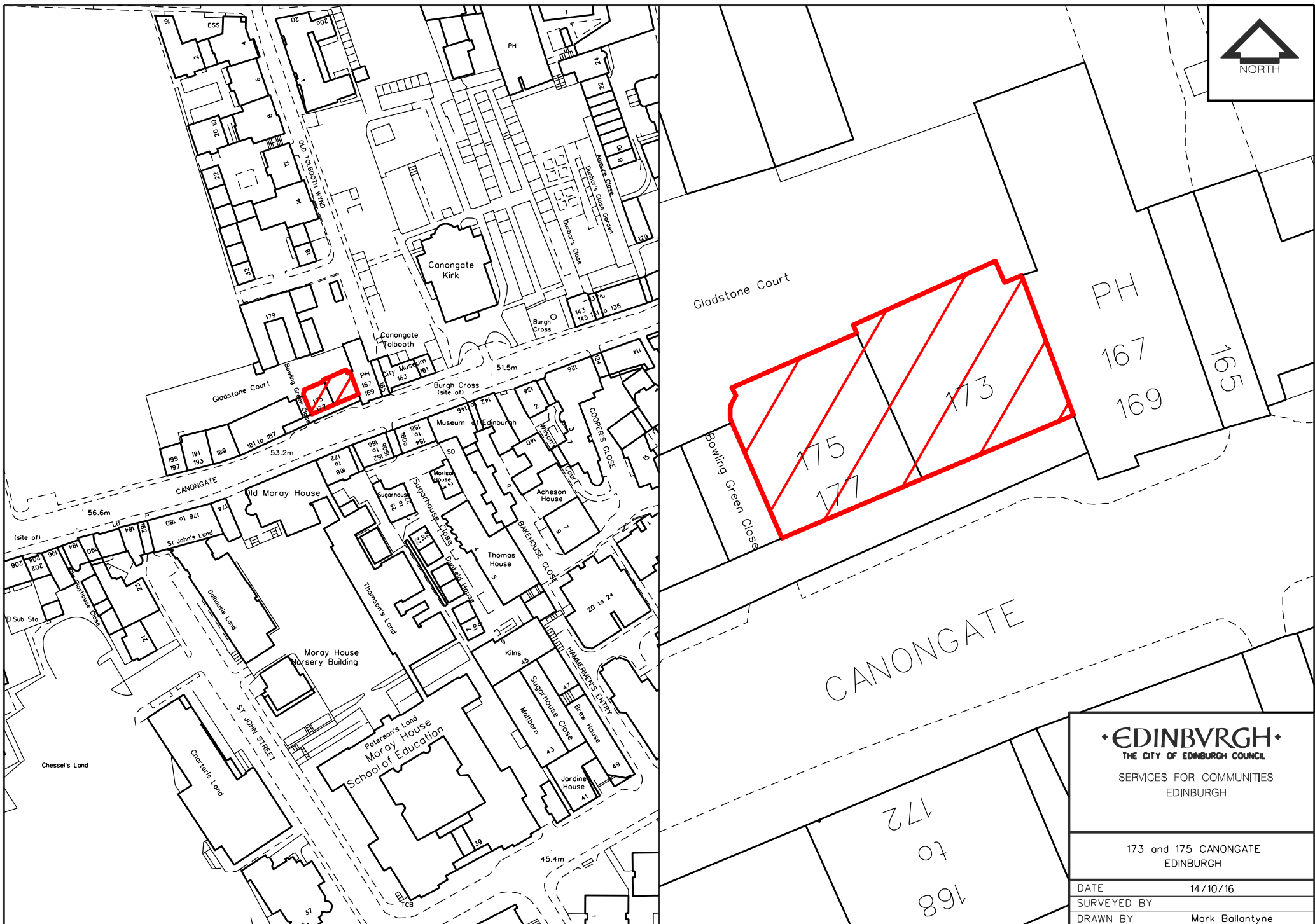
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## 11. Links

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<b>Coalition Pledges</b>	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.
<b>Council Priorities</b>	CP5 – Business growth and investment. CP7 – Access to work and learning. CP8 – A vibrant, sustainable local economy.
<b>Single Outcome Agreement</b>	SO1 – Edinburgh's Economy delivers increased investment, jobs and opportunities for all.
<b>Appendices</b>	Appendix 1 – Location Plan



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

• EDINBURGH •  
THE CITY OF EDINBURGH COUNCIL

SERVICES FOR COMMUNITIES  
EDINBURGH

173 and 175 CANONGATE  
EDINBURGH

DATE 14/10/16

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE N.T.S.

NEG. NO. A3/1701