

Finance and Resources Committee

10.00am, Tuesday 5 September 2017

Proposed Lease Renewal at 65 Bruntsfield Place, Edinburgh

Item number	8.14
Report number	
Executive/routine	Routine
Wards	10 – Meadows / Morningside

Executive Summary

The Council leases 65 Bruntsfield Place from Blackwood Investments Ltd at a rent of £150,820 per annum. The current lease commenced on 14 November 2003 and is due to expire on 13 November 2018.

The property provides for emergency homeless accommodation and securing a lease extension will safeguard provision in the long term. Approval is sought for a 15-year lease extension on the terms and conditions outlined in the report.

Proposed Lease Renewal at 65 Bruntsfield Place, Edinburgh

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 Approve a new lease of the property at 65 Bruntsfield Place on the terms and conditions outlined in this report and on other terms to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The Council's Safer and Stronger Communities service make use of the property at 65 Bruntsfield Place to provide emergency accommodation for 20-25 homeless people at any one time.
- 2.2 Since the lease is due to expire on 13 November 2018, an extension of the existing lease is required to secure the Council's use in the long term. Conversely, failure to agree renewal terms may result in termination of the lease on 13 November 2018, which would leave the Council at risk of losing a significant number of vital bed spaces. Sourcing an alternative facility for this use would be very challenging.
- 2.3 The Homelessness and Housing Support section of the Safer and Stronger Communities service has confirmed that the accommodation provided at 65 Bruntsfield Place is fit for purpose and that its preference is to continue to lease the property until 2033.

3. Main report

- 3.1 The existing lease expires on 13 November 2018 and the Landlord is willing to grant the Council a 15-year lease extension.
- 3.2 The terms below reflect the best available terms following negotiations with the Landlord's agent.
 - Subjects: 65 Bruntsfield Place, Edinburgh.
 - Extension: 15 years effective from 13 November 2018 until 12 November 2033.
 - Revised Rent: £155,000 per annum – nominal increase from £150,820 pa; the current rent was last increased in 2009.

- Rent Reviews: November 2023 and 2028 upward only to market value as per existing rent review clause but with the addition of Retail Price Index linked increases (capped at 3.5%) and subject to a minimum increase of 1%. The rent review in 2023 would be restricted to RPI increases only while the 2028 review would be to the greater of open market or RPI. The introduction of index linked rent increases was requested by the Landlord and is non-negotiable. Increasing levels of inflation has prompted the Landlord to introduce this additional rent review mechanism; a request which is considered fair and reasonable.
- Rent Free Period: The landlord will grant the Council three months' rent free on signing of the lease extension.
- Legal Costs: Each party will pay their own legal costs.
- Other terms: As contained in a standard commercial lease.

4. Measures of success

- 4.1 Guarantees the long-term provision of emergency housing accommodation in the area.
- 4.2 The introduction of capped index linked rent reviews provides some certainty over future rent increases which in turn will enable more accurate property budget forecasting.

5. Financial impact

- 5.1 There will be an increase in rent of £4,180 per annum to the General Property Account effective from 13 November 2018. However, during 2018 the actual rent paid will be £33,750 less than current levels after taking into consideration the rent-free period. Effective from 13 November 2023, the rent will be subject to annual index linked rent increases using the Retail Price Index (RPI) capped at 3.5% but subject to a minimum increase of 1%, implemented every 5 years.

6. Risk, policy, compliance and governance impact

- 6.1 The Council has occupied the property since 14 November 2003. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

7. Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as the lease renewal would ensure that the Council can continue to plan both financially and in terms of providing emergency housing provision in the area. This directly links to an enhancement of

the following rights namely (i) Life (ii) Health (iii) Standard of Living (iv) Productive and valued activities (v) Individual, family, and social life.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from this report as it is a lease renewal being proposed for a property that has been occupied by the Council for many years and is to continue to support housing needs in the area.

9. Consultation and engagement

- 9.1 The Council's Safer and Stronger Communities service area has been consulted on the continued need for this asset.

10. Background reading/external references

- 10.1 N/A.

Stephen S. Moir

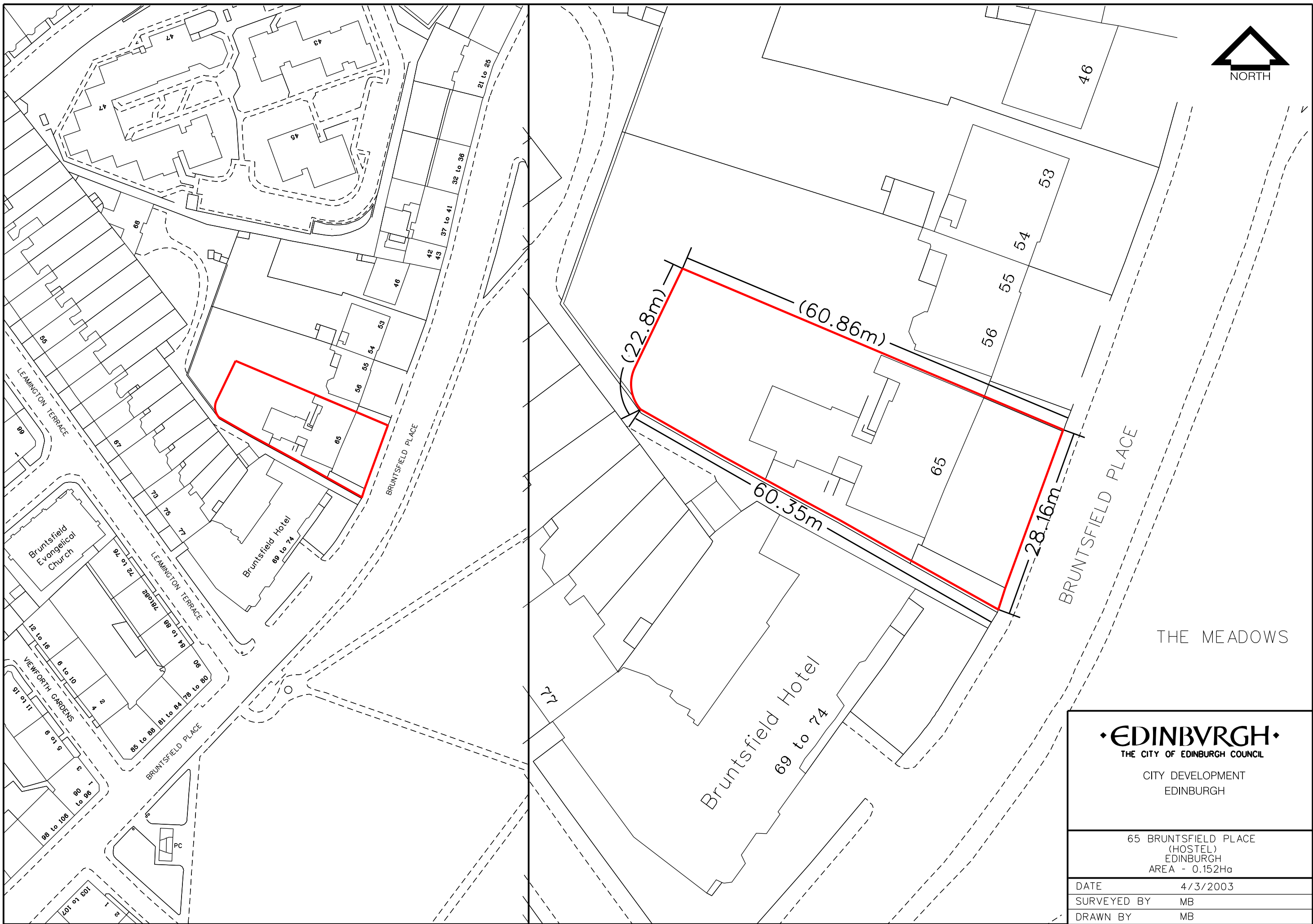
Executive Director of Resources

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11. Appendices

Appendix 1 - Location Plan



LOCATION PLAN

SCALE 1:1250

SITE PLAN

SCALE 1:500

•EDINBURGH•
THE CITY OF EDINBURGH COUNCIL

CITY DEVELOPMENT
EDINBURGH

65 BRUNTSFIELD PLACE
(HOSTEL)
EDINBURGH
AREA - 0.152Ha

DATE	4/3/2003
SURVEYED BY	MB
DRAWN BY	MB
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