

Finance and Resources Committee

10.00am, Tuesday, 5 September 2017

Proposed New Lease at 263 Canongate, Edinburgh

Item number	8.8
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive Summary

The retail unit at 263 Canongate is let to Cranachan & Crowdie Ltd and trades as Cranachan & Crowdie.

The tenant occupies the property on a month to month rolling basis, however for increased security of tenure the tenant has requested a new 10 year lease.

This report seeks approval to the grant of a new 10 year lease to Cranachan & Crowdie Ltd, on the terms and conditions outlined in the report.

Proposed New Lease at 263 Canongate, Edinburgh

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves a new 10 year lease to Cranachan & Crowdie Ltd of retail premises at 263 Canongate, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The shop premises at 263 Canongate extends to 76.70 sq m (826 sq ft) or thereby and is shown outlined in red on the attached plan (Appendix 1).
- 2.2 Since April 2012, the property has been let to Cranachan & Crowdie Ltd who operate a retail business selling a range of high quality Scottish produce, food, drinks and related non-food items. The current rent is £35,000 per annum exclusive of VAT.

3. Main report

- 3.1 The existing lease is running on a prescribed month to month basis and Cranachan & Crowdie Ltd has requested that the Council grant a new 10 year lease to be effective from 1 November 2017.
- 3.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
 - Subjects: Retail shop at 263 Canongate, Edinburgh, EH8 8BQ;
 - New Lease: 10 years from 1 November 2017 until 31 October 2027;
 - Tenants Option to Extend 10 year extension effective from 1 August 2027 (if requested);
 - Tenant Break Option 1 November 2022;

- Rent: £35,000 per annum;
- Rent Review: Reviewed on each fifth anniversary of the term to open market value
- Use: Class 1 Retail Use;
- Repairs: Full repairing and maintaining obligation; and
- Other terms: As contained in a standard commercial lease.

4. Measures of success

- 4.1 Granting a new 10 year lease will allow the business to continue their long term financial planning and, in turn, sustain employment for their workers.

5. Financial impact

- 5.1 The passing rent is considered to be the market rent for the retail unit and the Council will gain greater certainty of receiving a rent of £35,000 per annum to the General Property Account compared to the current monthly arrangement.

6. Risk, policy, compliance and governance impact

- 6.1 This is a new 10 year lease to the existing tenant. The existing tenant has been trading from the property since April 2012. 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 through a new lease, it will ensure that Cranachan & Crowdie Ltd 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 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.

8. Sustainability impact

- 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

- 9.1 Not applicable.

10. Background reading/external references

- 10.1 Not applicable.

Stephen S. Moir

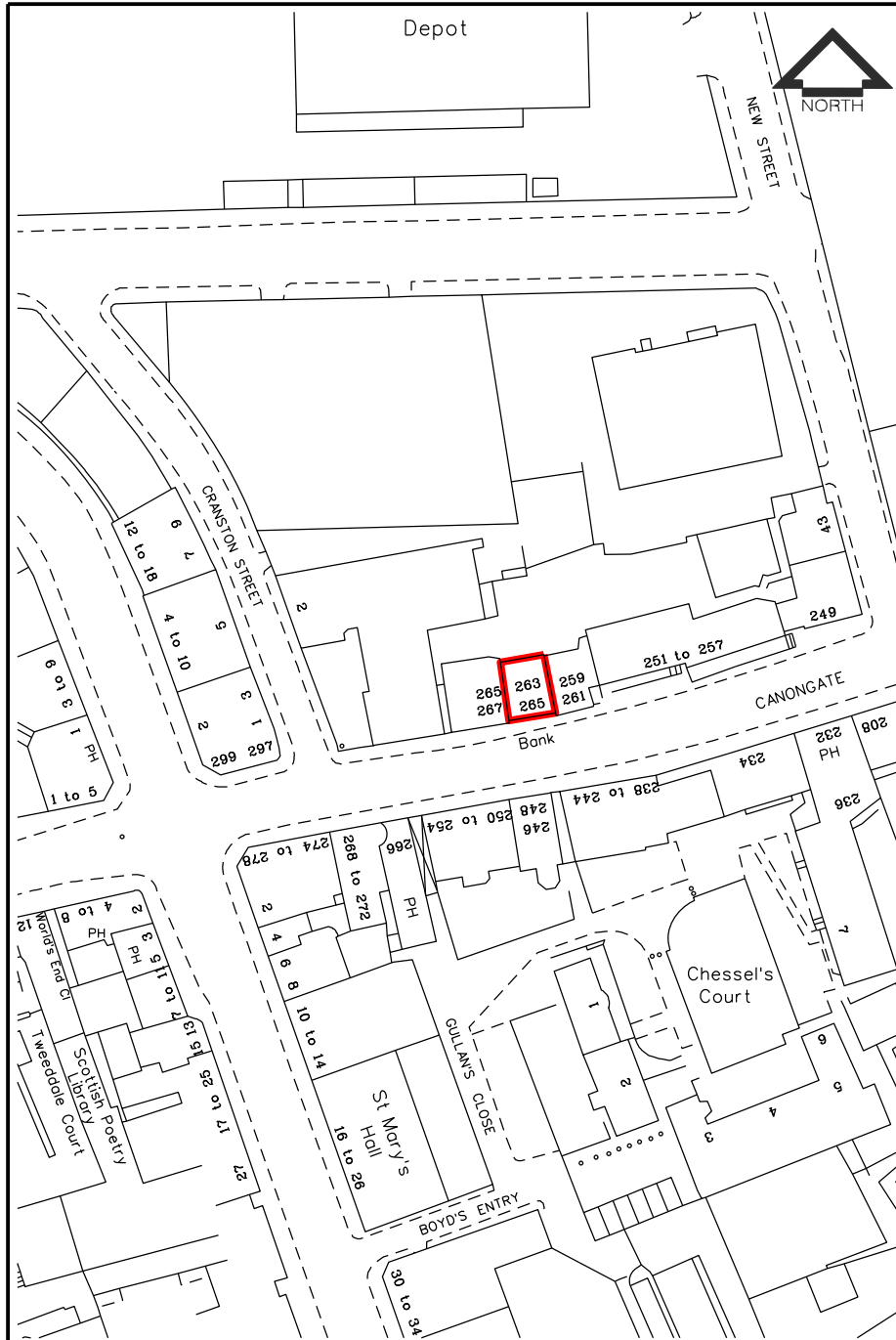
Executive Director of Resources

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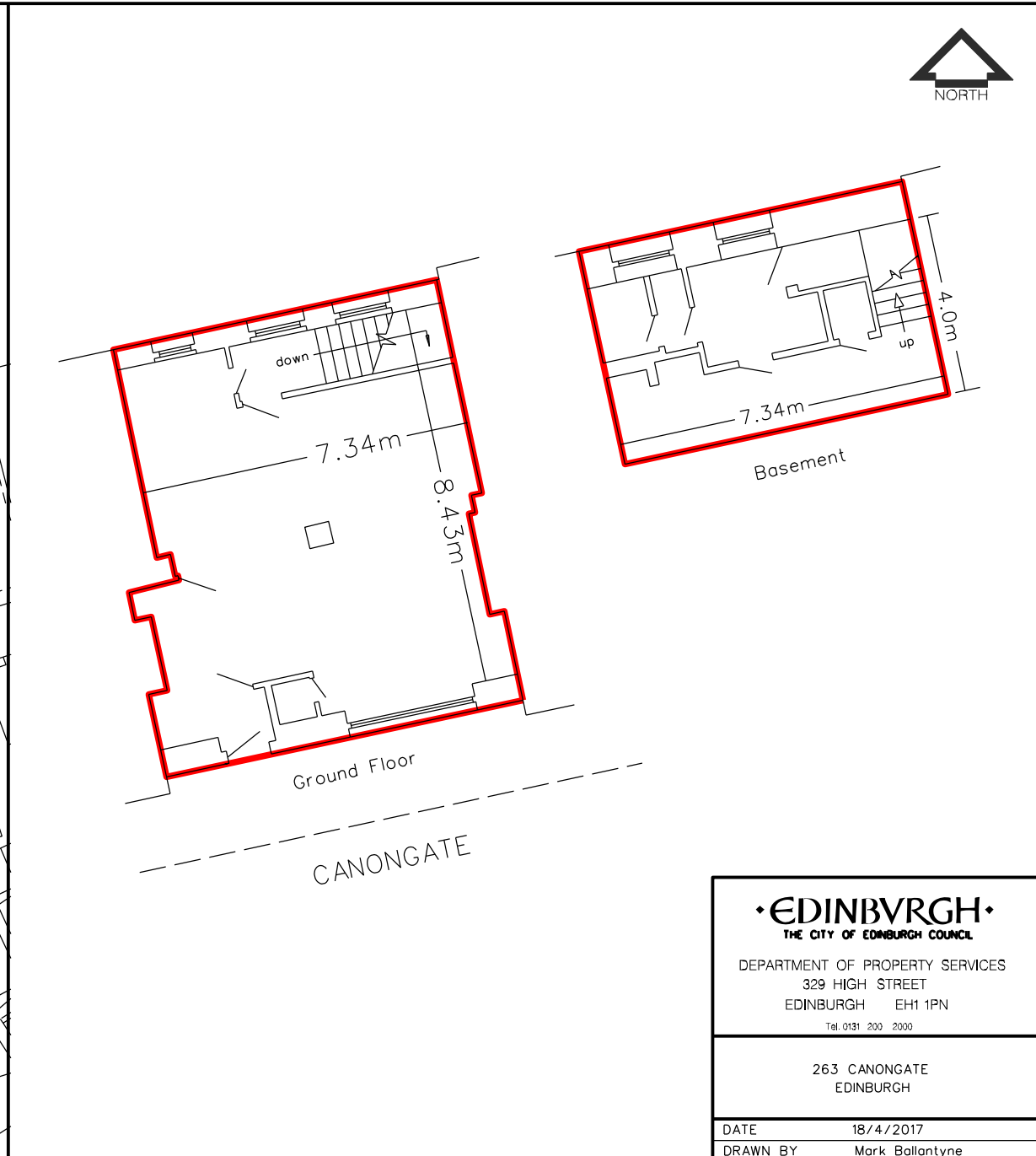
11. Links

Appendix 1 – Location Plan



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE



SITE PLAN

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

DEPARTMENT OF PROPERTY SERVICES
329 HIGH STREET
EDINBURGH EH1 1PN
Tel. 0131 200 2000

263 CANONGATE
EDINBURGH

DATE	18/4/2017
DRAWN BY	Mark Ballantyne
FILE NO.	
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