

# Finance and Resources Committee

10.00am, Thursday, 15 August 2019

## Joppa Community Tennis Club, Joppa Grove – Proposed New Lease

Executive/routine	Routine
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### 1. Recommendations

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- 1.1 That the Finance and Resources Committee approves a 20 year lease of tennis courts and grounds at Joppa Grove to Joppa Community Tennis Club, on the terms and conditions as outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources

**Stephen S. Moir**

Executive Director of Resources

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# Report

## Joppa Community Tennis Club, Joppa Grove – Proposed New Lease

### 2. Executive Summary

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- 2.1 The tennis club at Joppa Grove has historically been leased to Portobello Community Council with the lease expiring on 30 June 2019. This report seeks approval to grant a new 20 year lease to Joppa Community Tennis Club on the terms and conditions outlined in the report.

### 3. Background

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- 3.1 The pavilion, tennis courts and grounds, extending to 0.19 hectares (0.46 acres) or thereby, is located on Joppa Grove and is shown outlined in red on the attached plan.
- 3.2 Historically, the lease for the tennis club has been held in the name of Portobello Community Council, with Joppa Community Tennis Club being the occupier and responsible for the payment of rent and internal repairs.
- 3.3 The current lease expired on 30 June 2019 and is now running on a month to month basis until such a time a new lease is put in place.
- 3.4 Joppa Community Tennis Club have requested a new lease direct from the Council.
- 3.5 The current rent is £50 per annum and is considered concessionary.
- 3.6 On 23 May 2019, the Committee considered a report on the Commercial Property Portfolio and noted the continuing strategy of maximising income from property assets. A move, where appropriate, from concessionary to market rent agreements forms an important part of this strategy.

### 4. Main report

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- 4.1 The following terms have been provisionally agreed:-
- Subjects: Pavilion, tennis courts and grounds, Joppa Grove;
  - Tenant: Joppa Community Tennis Club;

- Rent: Stepped over five years-
 

Years 1 and 2	£400 per annum
Years 3 and 4	£800 per annum
Years 5	£1,200 per annum
- Term: 20 years from the date of entry;
- Rent Reviews: The rent will be reviewed on the 5<sup>th</sup> anniversary and 5 yearly thereafter, on an upwards only basis, linked to the increase in retail price index over the 5 year period;
- Repairs: Full repairing and insuring liability on the tenant;
- Other terms: As contained in the existing lease;
- Costs: Each party will be liable for their own costs.
- Incentives: One year rent free to cover the cost of repairing the roof. The Council should have previously undertaken the work.
- Renewal: Right to renew on similar lease terms at the applicable commercial terms at that time.

4.2 The rent of £1,200 per annum is considered to be the market level for a property of this nature and use. In order to ease the transition from the concessionary rent, the increase will be phased over the first 5 years of the lease.

## 5. Next Steps

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5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the transaction.

## 6. Financial impact

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6.1 The Council will receive an annual income of £400 in years one and two, £800 in years three and four, and £1,200 in year five, attributable to the General Fund.

6.2 The Council will now receive a market rent for an asset that was previously let on a concessionary basis.

## 7. Stakeholder/Community Impact

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7.1 Ward elected members have been made aware of the recommendations of the report.

## **8. Background reading/external references**

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8.1 N/A

## **9. Appendices**

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Location Plan

