

# Finance and Resources Committee

10.00am, Thursday, 16 January 2025

## 33 Tennant Street, Edinburgh – Proposed Disposal

Executive/routine  
Wards

Routine  
13– Leith

### 1. Recommendations

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- 1.1 That the Finance and Resources Committee approves the disposal of the ground lease interest at 33 Tennant Street, Edinburgh to the existing tenant, Shortbread House of Edinburgh Limited on the terms and conditions outlined in this report and on other terms and conditions to be agreed by the Interim Executive Director of Place.

**Gareth Barwell**

Interim Executive Director of Place

Contact: Graeme McGartland, Head of Estates

E-mail: [graeme.mcgartland@edinburgh.gov.uk](mailto:graeme.mcgartland@edinburgh.gov.uk) | Tel: 07718 587798

## 33 Tennant Street, Edinburgh – Proposed Disposal

### 2. Executive Summary

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- 2.1 The Council own the ground at 33 Tennant Street which is let on a long lease to Shortbread House of Edinburgh Limited. In order to invest in a new bakery, the tenant has asked to acquire the heritable interest in the site. Approval is sought to progress the disposal on the terms and conditions outlined in the report and to ring fence the capital receipt for reinvestment in the commercial property portfolio.

### 3. Background

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- 3.1 The Council own the heritable interest at 33 Tennant Street, which extends to approximately 0.15 hectares (0.37 acres), as shown shaded pink on the attached plan.
- 3.2 Shortbread House of Edinburgh Limited (SHEL) are the current tenant, under a ground lease which is due to expire 1 October 2112. The rent is £10,200 per annum. SHEL own the land adjoining this site and the combined site forms their manufacturing facility.
- 3.3 SHEL has secured planning permission, [21/06116/FUL](#), for the demolition of the buildings and the construction of a new bespoke bakery on the area of land leased from the Council. The new facility will allow the business to expand in order to meet increased customer demand.
- 3.4 The estimated cost of the building work is in the region of £2.5 million before any of the specialist plant and equipment has been installed. Prior to embarking on such a large capital project, the tenant has approached the Council to request a purchase of the heritable interest in the land.

### 4. Main report

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- 4.1 The following terms have been provisionally agreed:
- 4.1.1 Subjects: Land at 33 Tennant Street, Edinburgh;
- 4.1.2 Purchaser: Edinburgh House of Shortbread Limited;

4.1.3 Purchase price: £210,000; and

4.1.4 Costs: tenant responsible for all the Councils legal costs.

4.2 The Council instructed Avison Young to provide an independent valuation of the property to ensure that the offer received from SHEL was in line with market expectations. The valuation reported a figure of £190,000, therefore the proposed disposal at £210,000 can be considered to represent best value for the Council.

## **5. Next Steps**

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5.1 On the basis of Committee approval, the legal documentation for the sale of the land will be progressed.

## **6. Financial impact**

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6.1 The Council will lose the rental income due of £10,200 for the remainder of the lease however a capital receipt of £210,000 will be received. The loss of income will be mitigated by allocating the receipt towards repair costs on another property in the portfolio to secure a significantly larger rental income than that foregone by the sale of this asset.

6.2 The receipt will be credited to the General Fund and Committee are asked to approve the ring fencing of the capital receipt for reinvestment in the commercial property portfolio, as per the approved Commercial Property Strategy.

## **7. Equality and Poverty Impact**

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7.1 It is considered that the proposed sale will have positive impacts on equality and poverty.

7.2 The sale of the property will allow the purchaser to invest in their business to create stability and job creation. The business currently employs 72 people all of whom are paid above the Real Living Wage.

7.3 Most of the employees live locally or rely on the bus, tram or bicycles to get to work. SHEL consider it is essential to grow the business in the current location as the business would not function without the existing skilled team many of whom would not be willing to commute out of town should relocation for expansion be required.

## **8. Climate and Nature Emergency Implications**

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8.1 It is considered there are no direct Climate and Nature Emergency Implications from agreeing a sale of the land.

- 8.2 The site is currently occupied by a building that is unattractive, in poor condition and surrounded by a high wire fence. The replacement bakery will be developed to modern environmental standards. In addition, SHEL are working with Scottish Enterprise and consultants to look at a number of ways to make the business more sustainable as part of the proposed expansion.

## **9. Risk, policy, compliance, governance and community impact**

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- 9.1 Ward members have been aware of the recommendations of this report.
- 9.2 The proposed sale and reinvestment of the capital receipt is in keeping with the Commercial Property Portfolio Strategy that was approved by the Committee on [20 June 2023](#).
- 9.3 The property forms part of a larger area identified as a housing development opportunity in City Plan 2030. As the purchaser owns the adjoining site and has an established business in the area which it wishes to expand to safeguard/create local employment business in the area, it is considered that this should not prevent the sale from proceeding.

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

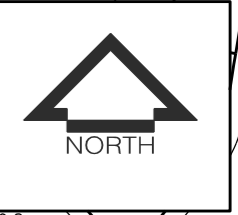
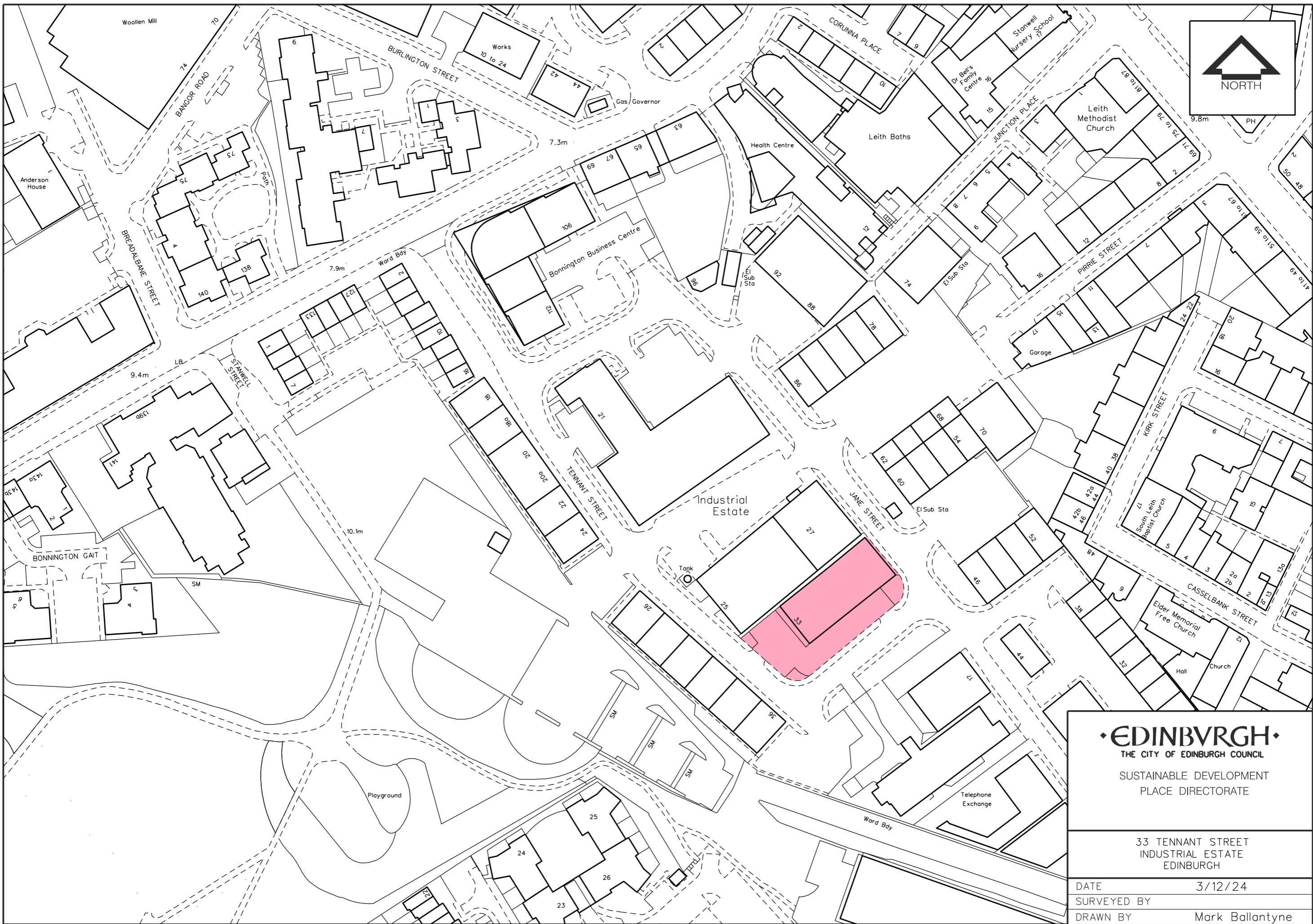
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- 10.1 [Commercial Property Portfolio Strategy](#).

## **11. Appendices**

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Appendix 1 – Location plan.



<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
33 TENNANT STREET INDUSTRIAL ESTATE EDINBURGH	
DATE	3/12/24
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1446a

SITE PLAN

SCALE 1:1250