

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Proposed 25 year lease of 27 Peffer Place, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	17 – Portobello/Craigmillar
Council Commitments	

Executive Summary

27 Peffer Place has been vacant since July 2017 when Skills Path, a City of Edinburgh Council (CEC) service was discontinued.

Two charitable organisations expressed interest in continuing similar services for people with additional support needs from the premises. Both organisations were invited to submit an offer at a formal closing date.

This report seeks approval to grant a new 25 year lease to Edinburgh Headway Group on the terms and conditions outlined in the report.

Proposed 25 year lease of 27 Peffer Place, Edinburgh

1. Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves a 25 year lease to Edinburgh Headway Group at 27 Peffer Place 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 premises at 27 Peffer Place form part of a terraced, single storey industrial estate and extends to 297.29 sq m (3,200 sq ft) or thereby, as shown outlined red on the attached plan.
- 2.2 The property was previously leased to the former Director of Services for Communities to accommodate the Skills Path scheme. The initial term of this lease expired and automatically continued on a month to month basis until July 2017. The passing rent paid by Skills Path was £24,000 per annum.
- 2.3 Edinburgh Headway Group and Upward Mobility provide similar services to Skills Path and prior to lease expiry, approached the Council to enquire about taking over the property.
- 2.4 A closing date was set for 6 September 2017 and both parties submitted a formal offer.

3. Main report

- 3.1 Following negotiations between the Council and Edinburgh Headway Group, the following terms have been provisionally agreed:
 - Subjects: 27 Peffer Place (outlined red on attached plan);
 - Lease term: 25 year lease from date of entry;
 - Break Options: Tenant only break on the 15th anniversary and a mutual break on the 20th anniversary (6 months' notice);
 - Rent: £25,000 per annum;
 - Incentives: 3 months rent free period, on entry;
 - Rent Reviews: Reviewed on each fifth anniversary to open market value. Upwards only;

- Use: Office / Workshop facilities to provide work rehabilitation day support services;
- Costs: Both parties to meet their own costs;
- Deposit: A 3 month rental deposit is to be paid prior to entry; and
- Other terms As contained in a standard commercial lease.

4. Measures of success

- 4.1 Granting a new 25 year lease of the premises will bring a vacant unit back into commercial use thus reducing the Council's vacant property costs and generating a rental income.
- 4.2 The occupier will provide a service to people with Acquired Brain Injury that may otherwise need to be provided by a Council service area.

5. Financial impact

- 5.1 The lease will generate a new rental income of £25,000 per annum payable to the General Property Account.
- 5.2 In addition a £15,000 per annum financial liability for vacant Non Domestic Rates will be removed.

6. Risk, policy, compliance and governance impact

- 6.1 It is considered that this 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 The letting of the property would bring a vacant unit back into commercial use. This new letting will allow the proposed occupier to expand their services and assist more individuals living with Acquired Brain Injury to gain confidence, feel valued, benefit from improved physical and cognitive abilities and in time contribute back to society.
- 7.3 In a commercial property letting the main infringement of rights can often be claims by parties who were not given the opportunity to lease or make an offer for the property. It is not considered to be the case in this instance as a number of alternative properties were being marketed within the immediate vicinity.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

9. Consultation and engagement

9.1 Ward councillors have been informed of the recommendations of the report.

10. Background reading/external references

10.1 N/A.

Stephen S. Moir

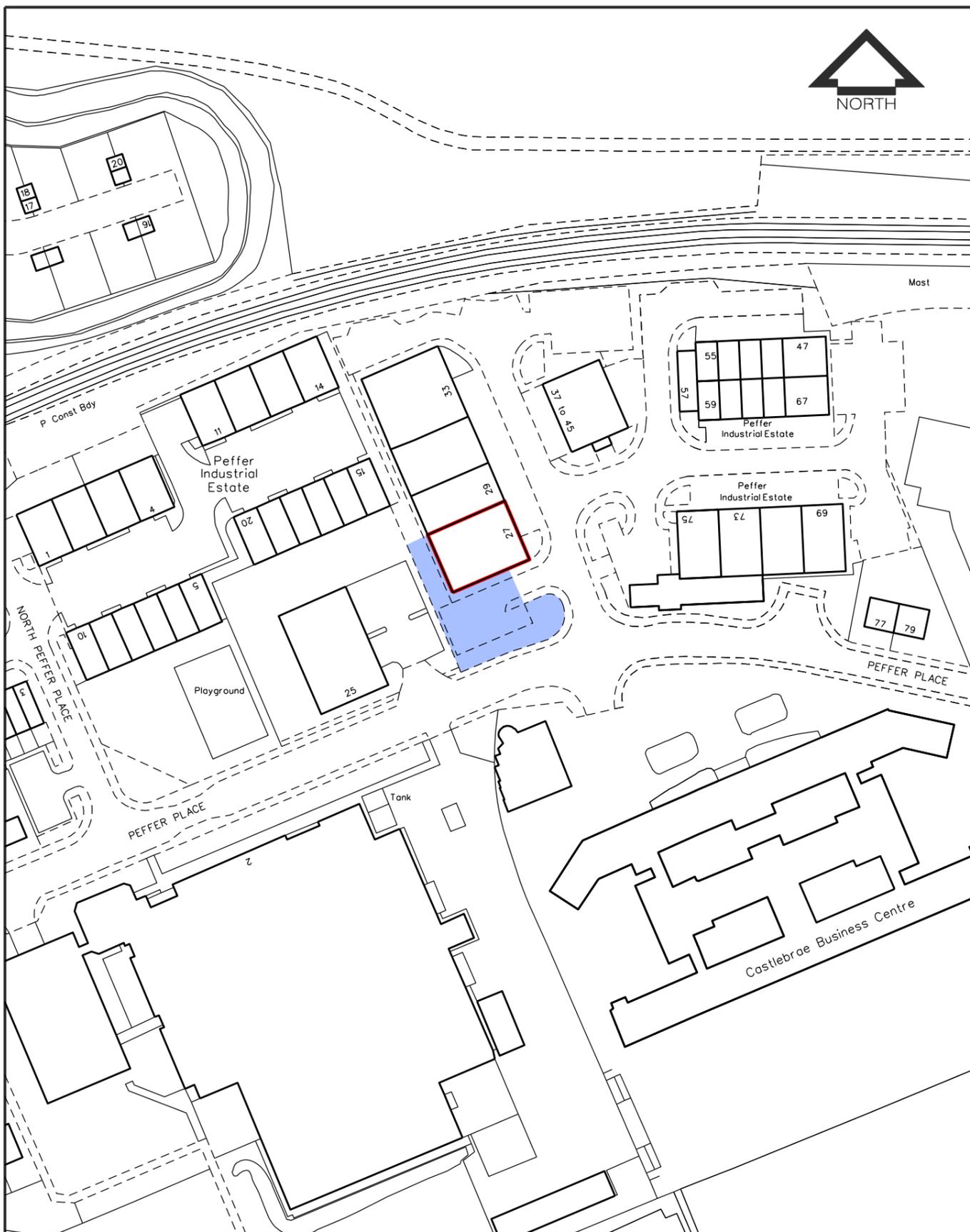
Executive Director of Resources

Contact: Andrew McCurrach, Portfolio Officer

E-mail: andrew.mccurrach@edinburgh.gov.uk | Tel: 0131 529 4682

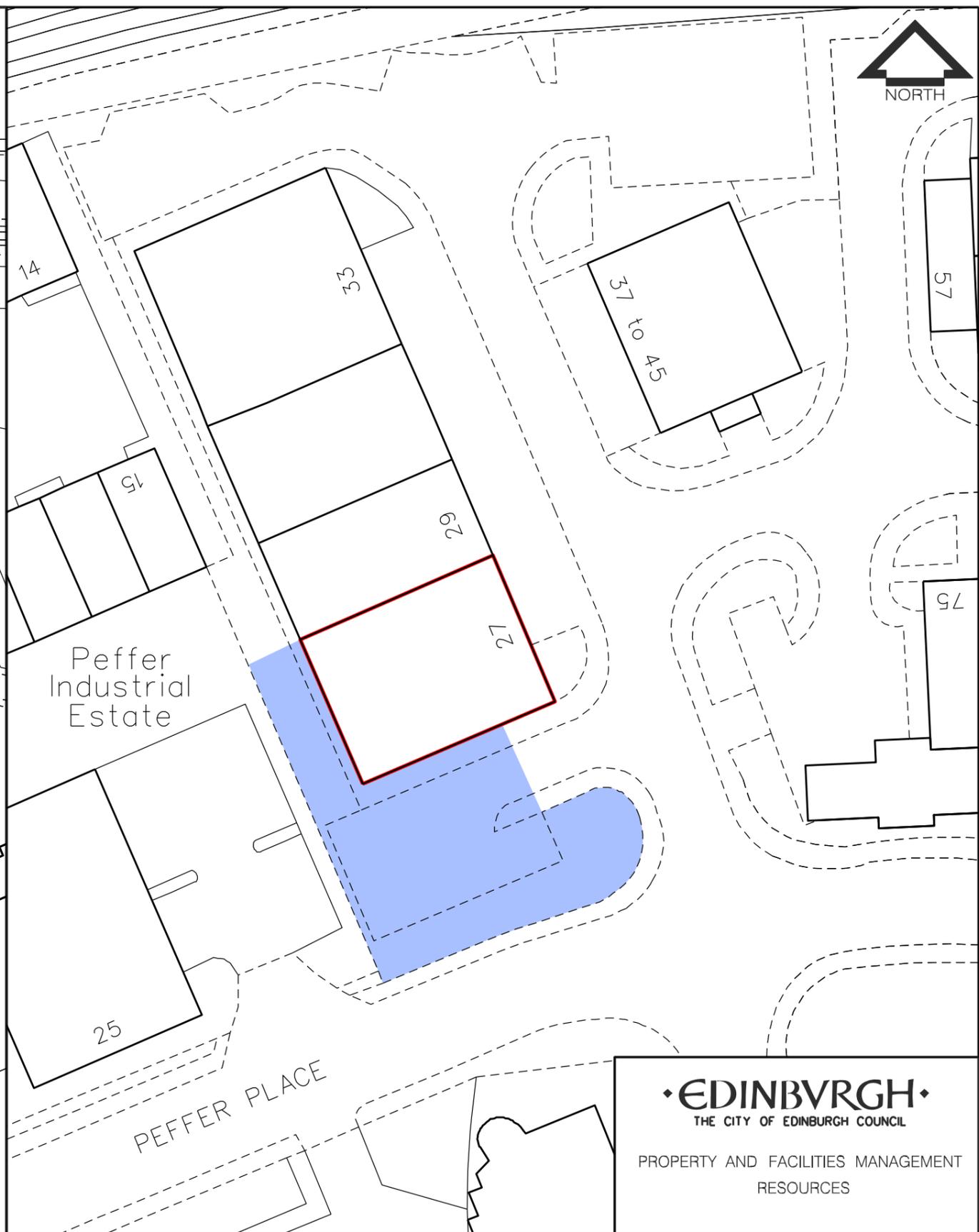
11. Appendices

Appendix 1 - Location/Site Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

27 (Unit 4)
PEPPER PLACE INDUSTRIAL ESTATE
PEPPER PLACE
EDINBURGH

DATE 10/7/14

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE 1:500 @ A3 SIZE

NEG. NO. A3/1487

THIS IS THE PLAN REFERRED TO IN THE FOREGOING MISSIVE AND IS
SIGNED AS RELATIVE THERETO.

Proper Officer SignatureDate.....

Tenant SignatureDate.....