

Report to: Lead Member for Resources

Date of meeting: 20 October 2020

By: Chief Operating Officer

Title: Sackville House, Lewes – First and part of Second Floors

Purpose: To seek Lead Member approval to grant two new 10-year leases to the NHS – East Sussex Clinical Commissioning Groups

RECOMMENDATIONS

The Lead Member for Resources is recommended to:

- 1) Agree the implementation of two new 10-year leases to the NHS – East Sussex Clinical Commissioning Groups and any legal documentation associated with enabling this rental (agreement for lease and licence for alterations).
 - 2) Agree to delegate authority to the Chief Operating Officer to approve the details of the new leases and associated legal documentation.
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1 Background

1.1 Following the vacation of East Sussex County Council (ESCC) personnel from Sackville House in Lewes, ESCC has sought a suitable tenant to take on the parts of the vacant premise. While ESCC have identified new tenants who have taken various leases for parts of the property, we have been actively marketing the South West section of the First Floor and the North part of the Second Floor following the vacation of a previous tenant.

1.2 With the First Floor unrented space requiring investment to bring up to date, the NHS East Sussex Clinical Commissioning Groups have agreed to invest in the property to modernise the demised premises in order to replace their former rented offices in Lewes. Both the First and Second Floor space will be updated for the NHS's back-office provision.

1.3 The NHS East Sussex Clinical Commissioning Groups are proposing to take two separate leases of the two different floors within the building. This will afford them the opportunity to activate the proposed five-year break clause option on one section without vacating their whole interest if required. Both proposed leases are for a term of 10 years with a (break option at year 5).

1.4 The leases are required to be approved as a delegated authority may only be used to approve agreements where the annual rental does not exceed £25,000 per annum. The larger of the leases exceeds that amount by over £100,000 therefore the permission for both is sought from this Lead Member for Resources report.

1.5 Further exempt information is contained in a later agenda item and should be considered alongside this report.

2 Supporting information

2.1 The decision required relates to whether ESCC may rent the vacant sections on the First and Second Floor to the NHS Clinical Commissioning Groups. Not only will the group pay rent but also make a service charge contribution between the two leases. The NHS will also be responsible for all outgoings relating to non-domestic rates for the parking spaces and occupied premise. Both leases will be excluded from s.24 – 28 of the Landlord and Tenant Act.

2.2 The approval would seek to delegate authority to the Chief Operating Officer to sign off the final agreements.

2.3 Lease Summary:

NHS – East Sussex Clinical Commissioning Groups Tenancy at Sackville House, Lewes Lease 1: Space on the first floor - The demised space totals at 789.29 m2 (8,496 sq. ft.).

The lease includes the use of 32 parking spaces which are rated separately.

NHS – East Sussex Clinical Commissioning Groups Tenancy at Sackville House, Lewes –Lease 2: Space on the second floor- The demised space totals at 138.48 m2 (1,490.59 sq. ft.).

The lease includes the use of 6 parking spaces.

2.4 Both leases will require the tenant to make contribution to the service charge.

3. Conclusion and reasons for recommendations

3.1 It is recommended that the Lead Member agrees for ESCC to approve the proposed leases and associated legal documentation to secure the two new 10-year leases proposed to commence in October / November 2020 in order that the NHS may be charged a commercial rent and associated service charge percentage.

3.2 It is recommended that the Lead Member agrees to delegate authority to the Chief Operating Officer to approve the details of the two new 10-year leases and, if required, any associated legal documentation (including an agreement for lease and licence for alterations).

Kevin Foster
Chief Operating Officer

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LOCAL MEMBER: Councillor Philip Daniel

BACKGROUND DOCUMENTS: None