

Report to: Lead Member for Resources and Climate Change

Date of meeting: 8 June 2021

By: Chief Operating Officer

Title: Ocean House, Hastings – lease renewal

Purpose: To agree the lease renewal of Ocean House, Hastings

RECOMMENDATIONS

The Lead Member for Resources and Climate Change is recommended to:

- 1) Agree to the proposed lease terms of Ocean House contained in the Exempt report at a later agenda item;**
 - 2) Delegate authority to the Chief Operating Officer to secure best value in accordance with s123 of the Local Government Act 1972.**
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1 Background

- 1.1 The Council has been reviewing its office requirements based on business needs for frontline services in key localities. One of the key offices is Ocean House, Hastings. The Council leases several floors where most leases expire in September 2021.
- 1.2 Informal negotiations have taken place over the last few months with the landlord of Ocean House, Hastings. Property heads of terms have been agreed and these are attached in Exempt report appendix 1. The intention is to enter a 2-year lease back dated to 25 March 2021 and to expire in March 2023.

2 Supporting information

- 2.1 The Council does not lease the whole of Ocean House but currently occupies several floors (ground to 4th floor and 11th & 12th floors). There is under-croft storage and car parking on the site. The property is very close to Hastings railway station.
- 2.2 At present, extensive discussions are taking place with Services on their future working arrangements as part of the workstyles review. The current working assumption is that, for Ocean House, office needs will continue to require most floors (ground to 4th floor and 11th floor) to be retained, but the 12th floor can be relinquished.
- 2.3 The provisionally agreed lease terms include an equated rental figure at the same rate as 2016 lease; this compares favourably to a general increase in office rents in this locality. The service charge provisions have also been capped, providing certainty for rent and outgoings over the next two years. In the Exempt report (Appendix 2) this sets out the budget implications in more detail however, it shows a budget saving.
- 2.4 It should be noted that the landlord at Ocean House is now considering re-developing the site for residential development. However, it is understood that the landlord's current plans are to secure permitted development rights first and to convert Ocean House later. If Hastings BC approve the conversion of the office to residential units, the landlord will need to implement it within 3 years or seek a renewal of the residential consent.
- 2.5 The legal documentation has been drafted and ESCC are in possession of the draft agreement. Property and Legal will work together to agree the documentation before the end of June 2021 on the terms proposed.
- 2.6 If the lease is not completed by the end of June 2021, the Exempt report outlines the Council's accommodation strategy in more detail.
- 2.7 As part of the workstyles project, when further services return to Ocean House later on this year, a review could take place to look at business needs and map out future alternative office bases for staff who need to be based in Hastings or other ESCC bases within the county.

3. Conclusion and reasons for recommendations

- 3.1 It is recommended that the Lead Member Resources and Climate Change agrees the lease renewal of Ocean House as outlined in the Exempt report.
- 3.2 It is recommended that the Lead Member Resources and Climate Change agrees to delegate authority to the Chief Operating Officer to approve the final lease negotiations and ensure the legal documents are in place that represent best value under s123 of the Local Government Act 1972.

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