

**Report to:** Lead Member for Resources and Climate Change

**Date of meeting:** 6 July 2021

**By:** Chief Operating Officer

**Title:** St. Mary's House, Eastbourne – Lease Renewal

**Purpose:** To agree the lease renewal of St. Mary's House, Eastbourne

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## **RECOMMENDATIONS**

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

- 1) Agree to the proposed lease terms of St. Mary's House, contained in the Exempt report at a later agenda item; and**
  - 2) Delegate authority to the Chief Operating Officer to approve the final lease negotiations and take any other actions considered appropriate to give effect to the above recommendation, and to secure best value in accordance with the Local Government Act 1999.**
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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 St. Mary's House, Eastbourne. The Council is tenant under a lease of the whole building. The term of the lease ends in November 2021.
- 1.2 Informal negotiations have taken place over the last few months with the landlord of St. Mary's House. Property Heads of Terms have been agreed for the renewal of the lease and these are attached in appendix 1 of the Exempt report later on in the agenda. The intention is to enter a new 5-year lease from 1<sup>st</sup> December 2021.

### **2 Supporting information**

- 2.1 The Council's existing lease is of the whole of St. Mary's House and the Council occupies space across most floors. The second floor is underlet to the NHS who offer mental health services. There is under-croft storage and car parking on the site. The property is very close to Eastbourne 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 St. Mary's House, office needs will continue to require most floors but this may be reduced in time.
- 2.3 The provisionally agreed lease terms include an equated rental figure at a slightly higher rate than the Council's current lease which was subject to a rent review in 2018. The Council also leases office accommodation at St. Mark's House, Eastbourne which is owned by the same Landlord. There was a recent review at these offices with the rental level increased by a similar percentage.
- 2.4 It should be noted that the landlord, like many commercial building owners is evaluating re-developing the site for residential development. However, the Landlord remains committed to renting the property for the stipulated period.
- 2.5 East Sussex County Council (ESCC) has requested that the lease is modified to a more appropriate modern form following numerous variations to the existing agreements. Property and Legal will work together to agree the documentation before the end of July 2021 on the terms proposed.

### **3. Conclusion and reasons for recommendations**

- 3.1 It is recommended that the Lead Member Resources and Climate Change agrees the lease renewal of St. Mary's House as outlined in the Exempt report later on in the agenda.
- 3.2 It is recommended that the Lead Member for 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 in accordance with the Local Government Act 1999.

#### **PHIL HALL**

##### **Chief Operating Officer**

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LOCAL MEMBER

Councillor Pat Rodohan

Background Documents:

None