

Report to: Lead Member for Resources and Climate Change

Date of meeting: 3 September 2024

By: Chief Operating Officer

Title: Corporate office estate; new lease of St Mary's House, Eastbourne

Purpose: To agree a new 10-year lease, to be granted simultaneously to the surrender of the existing lease of St Mary's House, Eastbourne

RECOMMENDATIONS

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

- 1) approve the proposed new lease terms of St Mary's House, Eastbourne; and
 - 2) delegate authority to the Chief Operating Officer to approve the final lease negotiations, the signing and completion by the Council of the new lease, the surrender of the existing lease and any related documentation and to take any other actions considered appropriate to give effect to the above recommendation.
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1 Background

- 1.1 The Council's corporate office provision includes St Mary's House, Eastbourne, which the Council occupies under a lease. A plan showing the location of the property is shown at Appendix 1. The Council is undertaking a review of its corporate office requirements, as a key part of the Council's Asset Management Plan 2020-2025, to drive efficiency from its assets by reducing costs as well as reducing carbon emissions.
- 1.2 The Council previously had two office bases in Eastbourne. On 11 July 2023, the Lead Member for Resources and Climate Change agreed the strategy to reduce the Eastbourne corporate office provision to one office. In August 2024, the Eastbourne office consolidation will be completed with its main base being St Mary's House. The Council has a lease for the entire building, and shares occupation with other public sector partners by way of various licence agreements. St Mary's House provides a base for key statutory functions, with both Children's Services and Adult Social Care and Health operating from it.
- 1.3 The term of the existing lease is due to expire on 30 November 2026. The Council is seeking to secure the Council's ongoing occupation of the property. One of the main reasons to negotiate a surrender of the existing lease, before the expiry date in November 2026, and to agree a new lease now is to ensure the business continuity of the core services operating from St Mary's House. This is the Council's second largest office hub, delivering frontline services to residents.
- 1.4 The existing lease is protected by the security of tenure provisions contained within the Landlord and Tenant Act 1954, and this is proposed to continue under the new lease.
- 1.5 When a commercial lease is protected by the security of tenure provisions contained within the Landlord and Tenant Act 1954, the Landlord must serve a formal 'Section 25' notice on the tenant to bring the lease to an end. If the Landlord is not intending to grant a new lease, the notice must give the tenant a minimum of 6 months' notice

to vacate and is only valid if at least one of the seven grounds contained within the Act can be satisfied. These grounds range from 'fault' grounds such as non-payment of rent, through to 'non fault' grounds such as an intention to demolish or reconstruct the building.

2 Supporting information

- 2.1 The new proposed lease will be for a term of 10 years, to expire 30 November 2034. Upon completion of the new lease, the existing lease will be surrendered. The passing rent is to remain the same until 1 December 2026, at which point there is to be a rent review. There is to be a second rent review on 1 December 2031. There is to be a rolling tenant-only break option from 30 November 2031, which is to be exercisable by the tenant at any time on 12 months' notice.
- 2.2 All other terms are to be on the same basis as the terms of the existing lease, including the ability to share the space with public partners.

3 Conclusion and reasons for recommendations

- 3.1 The Council is seeking to secure a longer lease term for St Mary's House, Eastbourne, given that it is now the sole corporate office hub in Eastbourne following the closure of St Mark's House.
- 3.2 The Lead Member for Resources and Climate Change is therefore recommended to approve the proposed new lease terms of St Mary's House, Eastbourne.
- 3.3 To facilitate the timely completion of the lease documentation, the Lead Member is also recommended to delegate authority to the Chief Operating Officer to approve the final lease negotiations, the signing and completion by the Council of the new lease, the surrender of the existing lease and any related documentation and to take any other actions considered appropriate to give effect to the above recommendation.

ROS PARKER
Chief Operating Officer

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LOCAL MEMBER
Councillor Pat Rodohan