

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

**Date of meeting:** 31 March 2026

**By:** Chief Operating Officer

**Title:** Dilapidations Settlement – St Mark’s House, Eastbourne

**Purpose:** East Sussex County Council’s lease of St Mark’s House, Eastbourne terminated in August 2024. A schedule of dilapidations was served on the Council by the Landlord. This report sets out the approach to negotiations and recommends the process for settlement of the claim.

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## **RECOMMENDATIONS:**

The Lead Member is recommended to:

- 1) Agree that the Council seeks to settle the claim by mutual agreement in the first instance, as set out in paragraph 2.2 of this report; and
  - 2) Delegate authority to the Chief Operating Officer, in consultation with the Chief Finance Officer, to take all actions necessary to give effect to the recommendations in this report, including, but not limited to, approving the amount of any settlement.
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## **1. Background**

1.1 East Sussex County Council (the Council) previously occupied St Mark’s House, Eastbourne (the Property) by way of a fully repairing and insuring commercial lease. The office building was used as the sole office base in Eastbourne for Children’s Services. The lease terminated on 30 August 2024 and the service was relocated to St Mary’s House, Eastbourne in 2024, following a review of the Council’s corporate office requirements.

1.2 A plan of the Property is attached as Appendix 1.

1.3 The Council had been in occupation of the Property since 2003, occupying under various leases. Most recently, in order to ensure continuity of the service, the Council entered into a short-term flexible lease agreement, effective from 6 October 2023. The terms of the lease enabled the Council to terminate the lease at any time on one month’s notice from April 2024. This ensured that the service could continue uninterrupted, whilst works were undertaken at St Mary’s House to make it suitable for co-occupation with the Children’s Services department. The obligations and covenants contained in the previous longer-term leases were largely replicated in the short-term lease, including the covenant for the Council to fully repair and maintain the Property.

1.4 After the Council vacated the Property, the Landlord served a Schedule of Dilapidations on the Council, setting out items they considered to be in disrepair. The Schedule set out estimated costings to put the property into a satisfactory condition, as required by the lease. The principles of the measure of damages for disrepair are established at common law and are governed by Section 18 of the Landlord and Tenant Act 1927. In essence, the basic principle of dilapidations is to ensure that a landlord should not suffer financial loss as a result of a tenant not adhering to repair covenants contained within the lease. The Schedule also included a quantified demand for settlement, and the Council engaged a specialist dilapidations surveyor to consider the validity of the claim.

1.5 Since the Council vacated the Property the Landlord has undertaken works to the Property to convert it to a number of flats. The claim made should therefore reflect works not superseded by the conversion.

## **2 Supporting information**

2.1 To minimise costs, the Council intends to resolve this matter by negotiation. The considerations made by the Council and informed by specialist consultants, are set out in a later exempt agenda item. It is therefore recommended that the Lead Member approves that the Council seeks to settle the claim by mutual settlement in the first instance.

2.2 If the parties are unable to agree a mutual settlement, the Landlord may issue court proceedings. The landlord can legitimately claim for interest, at the rate prescribed by the lease, and legal and expert fees. In addition to this, the Council will incur its own additional legal and expert fees. Determination of the matter by the court or via an alternative process such as mediation, may be more costly to the Council than settling the claim mutually, and the outcome is uncertain.

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

3.1 The Council has taken appropriate professional advice with regard to the Landlord's dilapidations claim in respect of St Mark's House, Eastbourne.

3.2 The Lead Member is therefore recommended to approve that the Council seeks to mutually agree the settlement of the claim with the Landlord in the first instance to limit the Council's exposure to additional risk and cost.

3.3 Additionally, the Lead Member is recommended to delegate authority to the Chief Operating Officer, in consultation with the Chief Finance Officer to take all actions necessary to give effect to the recommendations in this report, including, but not limited to, approving the amount of the settlement, the estimate for which is detailed in an exempt report later on the agenda.

**ROS PARKER**  
**Chief Operating Officer**

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### LOCAL MEMBERS

Councillor Pat Rodohan

### BACKGROUND DOCUMENTS

None