

PLACE SCRUTINY COMMITTEE

MINUTES of a meeting of the Place Scrutiny Committee held at Council Chamber, County Hall, Lewes on 23 September 2024.

PRESENT Councillors Matthew Beaver (Chair), Chris Collier, Julia Hilton (Vice Chair), Ian Hollidge, Eleanor Kirby-Green, Philip Lunn, Paul Redstone, Stephen Shing, David Tutt and Brett Wright

LEAD MEMBERS Councillors Nick Bennett and Claire Dowling

ALSO PRESENT Becky Shaw, Chief Executive
Rupert Clubb, Director of Communities, Economy and Transport
Ros Parker, Chief Operating Officer
Nigel Brown, Assistant Director Property
Anne Epsom, Head of Policy & Improvement, Orbis Procurement
Nick Claxton, Team Manager Flood Risk Management
Edward Dearnley, Climate Emergency Officer

8. MINUTES OF THE PREVIOUS MEETING HELD ON 12 JULY 2024

8.1 The Committee RESOLVED to agree the minutes of the meeting held on 12 July 2024 as a correct record.

9. APOLOGIES FOR ABSENCE

9.1 Apologies for absence were received from Councillor Steve Murphy. Apologies were also received from Councillor Penny di Cara, Lead Member for Economy.

10. DISCLOSURES OF INTERESTS

10.1 Councillor Julia Hilton declared a personal, non-prejudicial interest under agenda item 5, Reconciling Policy, Performance and Resources (RPPR), as she is the Leader of Hastings Borough Council.

11. URGENT ITEMS

11.1 There were no urgent items.

12. RECONCILING POLICY, PERFORMANCE AND RESOURCES (RPPR) 2025/26

12.1 The Chief Executive introduced the report which continues the Committee's consideration of the Reconciling Policy, Performance and Resources (RPPR) process. The Chief Executive highlighted that the situation the Council faces is extremely significant. There are two reports that Cabinet is due to consider on 26 September 2024, one is about the in-year performance which indicates the Council is facing a significant overspend. The other report details the implications for planning for the next financial year (2025/26), which is the report the Committee is being asked to consider. Cabinet is not being asked to make any decisions at this stage but is being asked to agree to go out to public consultation on a number of savings proposals, in order that as much information as possible is available on the savings proposals.

12.2 The Committee was invited to consider and comment on the report and identify if there was any further information the Committee would like to help in their consideration of the RPPR process. There will also be a Whole Council Forum on the afternoon of Wednesday 25 September 2024 to allow all councillors to consider in detail the information contained in the Cabinet RPPR report.

12.3 The Committee discussed the report, and a summary of the comments and questions raised is given below.

Impact of savings proposals

12.4 Committee members commented that the savings proposals affected some of the most vulnerable people in the community and would like to see an assessment of the impact on individuals of the proposed changes to services. The process of making savings needs to be fair and transparent. Committee members also commented that the Council would need to be careful not to have a knock impact on the District and Borough councils by increasing their costs (e.g. through changes to housing support) and it would be important to understand the reasons behind the proposals, why those services were selected, and the impact of the proposals in their entirety.

12.5 The proposed changes to services may also increase future demand for other East Sussex County Council (ESCC) provided services such as care services (e.g. changes to the drug and alcohol service). It may also lead to the increased 'gatekeeping' of care services and the departmental impact of changes to service will need to be understood.

12.6 The Chief Executive outlined that work had been done on the impact of the proposals on individuals, partners and services. The public consultation will add more detail to this work. Officers have been talking to the District and Borough councils and ESCC is acutely aware of the pressures on housing services. The provision of housing support is not a statutory requirement under the Care Act.

12.7 The Council would not normally be advocating changes to the services covered by the savings proposals, but they are the least worst option. The Council is aware that the proposals, if they go ahead, will likely lead to increases in demand for services in the medium term.

Council Tax

12.8 The Committee noted that the planning assumptions included in the report were that the maximum increase in Council Tax of 4.99% would be applied. Some Committee members commented that allowing Council Tax to rise was not the solution, given that it is a regressive tax and will impact those on lower incomes. The Chief Executive commented that after the Budget Statement on 30 October 2024, the potential scenarios for Council Tax will be updated in the Medium Term Financial Plan (MTFP).

Asset disposals and support for the revenue budget

12.9 The Committee asked what further action could be taken on asset disposals to help support the revenue budget. The Chief Executive responded that options for the future use of County Hall are being considered and there is a report later on the agenda to consider this. Officers are also looking at debt recovery, fees, charges and other income to support the revenue budget.

Use of Technology and Artificial Intelligence (AI)

12.10 The Committee commented that it agreed with the approach being taken to introduce new technology and AI into the Council's operations, and that it should adopt a 'fast follower' and not 'leading edge' approach. However, there will be a need to look at measures for those who are digitally excluded in the use of new technologies. In terms of the cost of introducing innovative ways of working, if the Council does not have money from Government to invest, can it afford not to take risks.

12.11 The Chief Executive agreed with the comments the Committee had made on the adoption of a 'fast follower' approach. The Council will also ensure people can still access services if they are digitally excluded. Every service has faced change and innovation. It was clarified that the comment in the report around risk relates to AI and the risk to cyber security and data security.

Reserves

12.12 The Committee noted that the Council was using reserves in order to mitigate the spending pressures in the current financial year. It asked if there was any provision to help maintain and contribute to future reserve balances.

12.13 The Chief Executive outlined that the Council had needed to use £14.3 million of reserves to balance last year's budget (2023/24). Another £9.4 million had been allocated from reserves for this financial year (2024/25). This leaves around £10 million in general reserves and there is no provision to add to reserves. There are two types of reserves: a minimum reserve of £10 million and two ring-fenced reserves for Waste Disposal and Self Insurance. Everything else held in reserves is other organisations' money.

Waste disposal booking system

12.14 Committee members commented that in their view the proposal to introduce a booking system at Household Waste Recycling Sites would not save money and would increase fly tipping. It also did not appear to encourage recycling. The Director of Communities, Economy and Transport (CET) responded that similar schemes introduced by other councils had proven positive for people, with less queuing and more assistance available on site. The savings for this proposal come from recycling and could be more than £50,000. The consultation will provide residents' views on the proposal, and it is helpful to have the Committee's views on this.

Summary

12.15 The Chief Executive summed up by saying that after the October Budget Statement, the Council will know more about the likely financial position for the Council. The savings proposals will need to be balanced against this, but it needs to be borne in mind that at present the Council does not have a plan that completely bridges the forecast budget gap in the MTFP.

12.16 The Committee RESOLVED to:

- (1) Note the information in the attached RPPR Cabinet report of 26 September 2024(appendix 1); and
- (2) Identify any further work or information needed to aid the scrutiny committee's contribution to the RPPR process or as part of the committee's ongoing work programme.

13. COUNTY HALL SITE OPTIONS - ASSET REVIEW

13.1 The Chief Operating Officer introduced the report. Part of the Council's Asset Management Plan is to reduce office accommodation post the Covid pandemic and the work on the County Hall site should be looked at in this context. The Council owns the freehold of the site, and the options developed reflect the desire to maintain an office base in Lewes given the locations that staff commute in from, and given that the office estate also has a footprint across the wider county in Hastings and Eastbourne. A detailed assessment of the site has been undertaken and the options outlined in the report reflect the constraints of the site.

13.2 The Assistant Director Property gave an overview of the options presented in the report. He outlined that there had been engagement with Lewes Town Council, Lewes District Council, the local ESCC Member and the South Downs National Park Authority (SDNPA) in developing the options. The SDNPA is currently reviewing their draft Local Plan and have been made aware of the options the Council is considering, but they have not been formally notified nor has the Council requested the site be included in the Local Plan. The footprint of the site includes the current County Hall building, Westfield House, the former St. Anne's School site and the car parks.

13.3 In summary, option 1 represents staying at County Hall with no change; options 2 -4 are redevelopment options; and options 5 and 6 seek to locate County Hall elsewhere. All options have been assessed using the Treasury Model. The property development market is not very buoyant at present, and the Council's financial position limits the amount of money available to invest in any redevelopment of the site. These factors and the cost of building a new county hall impact options 2 – 4 making them financially unviable. Option 6 is viable in the medium term.

13.4 The options developed give the opportunity to reduce running costs; provide up to 240 homes; provide more modern office accommodation for staff and the possibility of community use. The options include a mix of residential housing to ensure that they are compliant with housing policy for affordable homes, and options 2 – 4 allow for potential access to grant funding.

13.5 The report also contains details of the current running costs for County Hall and the requirement to invest an estimated £8.4 million in the next 10-15 years to keep the building running. Detailed assessment work has also been carried out to establish the amount of future office space needed, which is around 3,500m². In the short-term, work is underway to look at mothballing and leasing out parts of the existing County Hall building to reduce running costs and to free up space for lettings.

13.6 Officers are seeking the Place Scrutiny Committee's views on the options, particularly option 6, before they are put forward to the Lead Member for Resources and Climate Change for consideration.

13.7 The Committee discussed the report and made a number of comments and raised questions. A range of comments were made by the Committee members on the options presented in the report. A summary of the discussion is given below.

Office base in Lewes

13.8 Several Committee members commented that the starting point should not have assumed that ESCC should retain County Hall in Lewes. There were other more central locations where land and property prices are lower. Disposal of the County Hall site and demolition of the existing building would allow for the replacement with housing and provide a capital receipt for a new office in a more central location. The Committee noted that the Devolution agenda might also affect decisions around office location.

13.9 The Chief Operating Officer responded that the Council already has office bases in Eastbourne and Hastings. A lot of staff who work at County Hall travel in from areas west of Lewes such as Brighton and the surrounding areas. County Hall in Lewes is one of three bases and reflects the geography of where staff travel from and there will be a need for office space somewhere for these staff. All options will have running costs and planned maintenance requirements. Any development option will have development costs and costs for accommodation. The Committee commented that as most staff work from home, the impact of travelling further should not be too great.

13.10 The Chief Operating Officer explained that the financial benefits of the development options outlined in options 2-4 are very marginal and there are considerable risks associated with them as well as a management overheads. These risks would also be present in building a county hall elsewhere. At present none of the development options provides a financial benefit to the Council.

Current building

13.11 Committee members commented that having a building with only 27% occupancy costing just under £1 million per year to run was not sustainable or justifiable in the short to medium term, and action needs to be taken to reduce costs. The requirement for £8.4 million of investment in County Hall in the medium term, coupled with the £1 million running cost meant option 1 was not an option.

13.12 The Chief Operating Officer commented that Option 1 allows for mothballing part of the existing building and the potential for income generation to reduce costs.

South Downs National Park Authority

13.13 The Committee asked for clarification on whether the Council was making a formal request for inclusion in the call for sites by the SDNPA. The Assistant Director Property responded that ESCC had not submitted an application in the call for sites, and has not formally made a request to the SDNPA at this point in time.

Alternative options

13.14 Some Committee members commented that there needs to be broader thinking about the future use of the site and ideas for re-purposing the building or re-development options could be sought to address the amount of embodied carbon and potential economic generation opportunities from the use of the site. Others suggested holding an open design competition for the future use of the site. The Assistant Director Property outlined that the consultants had done a lot of work on the economic benefits, and this could be shared with the Committee members on a confidential basis if required.

Preferred option

13.15 The Committee noted that the consultants who had developed the options had not indicated a preferred option. Some Committee members suggested that if the Council chooses to re-develop the site, the site should be sold and let a developer re-develop the site and not take the risk of developing the site itself.

13.16 The Chief operating Officer outlined that the County Hall campus is not as valuable as Members might think due to the site constraints which include access, ecology, topography and

the existing buildings. The reason that a preferred option has not been identified is that most development options 2-4 are marginal and do not look viable on a cost basis. If one of the factors involved in the assumptions changes negatively, then the cost could be materially more than doing nothing. At this stage none of the options have been discounted and all will be put forward for consideration by the Lead Member. Option 6, moving to Sackville House in around 2030-32 would coincide with the end of the existing leases and would give more time to look at the implications if any of the factors such as market conditions and Government grant funding change to the make one of the other options more viable. If option 6 was selected, then as much work as possible would be undertaken to reduce costs of County Hall in the short term given the occupancy levels. The Assistant Director Property added that options 2-4 are not mutually exclusive of options 5 or 6.

Development approach

13.17 Members of the Committee observed that based on their experience development costs can be very high and would outweigh the £8.4 million that is required to maintain County Hall in the next 10-15 years. Also, any development option would take time to deliver, and refurbishment is better than a new build in terms of costs and risk. The County Hall site is not ideal for new build housing and options to locate elsewhere are limited. The impact on staff would have to be carefully considered if County Hall were to be re-located.

Running cost and occupancy rates

13.18 The Committee asked what potential savings in running costs and investment could be made if option 6 was selected, and whether an analysis of the occupancy rate had been undertaken by professional profile (e.g. social workers). The Chief Operating Officer responded that potential savings in running costs and investment in County Hall up to 2030 could be estimated and shared with the Committee on a confidential basis. The Chief Operating Officer outlined that the occupancy rate has been assessed by a professional in the field, and consultation has been undertaken with the different departments on their office accommodation needs. Based on the detailed work that has been undertaken, there is confidence in the estimated requirement of 3,500m². The Assistant Director Property added that feedback from the work undertaken in the Hastings and Eastbourne office hubs has also been taken into account from the teams based there.

Decision making and consultation

13.19 The Chief Operating Officer clarified that the decision on which option to take was a Lead Member decision and not Full Council. If a decision to re-develop the site were made, then this may need consultation. The Assistant Director Property added that the Council would work with all the key stakeholders if a decision to re-develop the site is taken.

13.20 The Committee RESOLVED to note the contents of the report and attached summary of the asset review.

14. SCRUTINY REVIEW OF PROCUREMENT: SOCIAL VALUE AND BUYING LOCAL - SECOND UPDATE REPORT

14.1 The Chief Operating Officer introduced the report which provides an update on the implementation of the recommendations from the scrutiny review. The report includes details of any ongoing actions and a recommendation to extend the trial of the more qualitative approach to social value. The Head of Policy & Improvement, Orbis Procurement outlined that legislative changes contained in the Procurement Act have a higher focus on social value and improving

innovation in the supply chain. Having an approach to social value more in line with the central Government's model will be helpful.

14.2 Councillor Collier, who chaired the review board, thanked officers for the update report and the ongoing work that is taking place on social value. He commented that he was happy with how the recommendations were being implemented and supported the extension of the trial.

14.3 The Committee commented they were pleased with the success of the first stage of the trial and were happy to extend it. The committee noted that the Council now has a policy on carbon off-setting and asked how that is applied to the social value of contracts. The Head of Policy & Improvement, Orbis Procurement responded that social value in contracts is considered in conjunction with the Environmentally Sustainable Procurement Policy and in many contracts the off-setting policy will be applicable.

14.4 The Committee RESOLVED to:

- 1) To note the updates to the implementation of the recommendations and action plan set out in Appendix 1 of the report; and
- 2) Agree the recommendation to extend the trial of the Social Value Model as set out in Appendix 2 of the report.

15. FLOOD RISK MANAGEMENT AND CLIMATE ADAPTATION MEASURES - UPDATE REPORT

15.1 The Team Manager Flood Risk Management introduced the report which provided an overview of the Council's flood risk management and climate adaption work. The Council's Climate Emergency Board has agreed a three-step approach to climate adaptation, largely following that set out in the Local Partnerships Climate Adaptation Toolkit. The steps are:

- Step 1 – A county-wide assessment of vulnerability and climate risks.
- Step 2 – Application of county-wide climate risks to ESCC business planning.
- Step 3 – Integration of climate adaptation into ESCC service planning.

15.2 In terms of the Council's role as Lead Local Flood Authority (LLFA) one of the main pieces of work is to review and replace the current Local Flood Risk Management Strategy for East Sussex which was adopted in 2016 and is due to be updated by the end of 2026. The other main part of the Team's work is to respond to consultations on planning applications from the planning authorities and investigations or enquires for ordinary watercourse consent.

15.3 The Committee discussed the report and asked a number of questions. A summary of the discussion and comments made is given below.

Flooding and the Marine Management Organisation (MMO)

15.4 Members of the Committee outlined problems with flooding north of the coastal railway line that runs from Hastings and through Bexhill to Lewes. Problems have been identified with the outfalls, but the Marine Management Organisation (MMO) is seen to delay the work by not issuing licences/consent in a timely way.

15.5 The Team Manager Flood Risk Management acknowledged that there were a lot of issues with surface water problems. Southern Water have been working with the Team on these issues in good faith and there is a good working relationship with the Stormwater Task Force. There appears to be a particular issue with the MMO which does take a while to get permission

issued to carry out work. The problem is not with Southern Water but more about getting permits in a timely way.

15.6 Councillor Hollidge commented that something needs to be done about the length of time the MMO takes to approve works and grant licences as the lack of progress on works may cause a pollution risk, especially where foul water and combined sewers are involved. The Team Manager Flood Risk Management commented that he was not aware that there were significant delays, but this is a matter for Southern Water who are organising the works. ESCC's involvement with the MMO is mainly related to bridge works and outfalls. ESCC's ability to influence the MMO may be minimal and lobbying through the County Councils Network (CCN) or the Local Government Association (LGA) might be more effective. The Committee discussed what action could be taken and agreed to write to the MMO expressing the Committee's concerns regarding the delays in granting permits.

New developments and flood risk

15.7 Committee members observed that the risk of flooding seems to have increased in East Sussex, but ESCC rarely objects to planning applications due to flood risk. The Committee expressed concerns that new development may pose a flood risk to existing properties. The Team Manager Flood Risk Management responded that he was not aware of a planning application where the Team would not comment on the application. The Team spends a considerable amount of time to negotiate acceptable solutions with applicants. The Team can object to an application on the basis of not enough information. The Team's approach is not to unjustifiably object to an application and always looks for the best outcome through negotiation. In the case of Eastbourne, there are different types of flood risk from local sources, main river and coastal flooding which is the responsibility of the Environment Agency.

Hastings flooding issues

15.8 Councillor Hilton commented that the progress on flooding issues in Hastings feels a bit slow despite monthly meetings with Southern Water. There does not appear to be a sense of urgency on how all the work is brought together. She asked how the Council is making sure all the organisations are working together.

15.9 The Team Manager Flood Risk Management outlined the work the Team is doing on natural flood management. The Team is working with all planning authorities on a site-specific basis. The Southern Water modelling will be completed shortly which aims to slow the flow of water based on hydraulic monitoring information. The Team is talking to everybody involved to ensure joined up working (e.g. Hastings monthly meetings) and have regular conversations on location and thematic based work. The Team can facilitate a better understanding about flood risk management and can look at opportunities to improve understanding. The Team is progressing work as quickly as possible with a small team of people and can add value through discussion and negotiations with interested parties. Most impact is through the planning system and work with Southern Water and the Environment Agency.

Land Drainage Act

15.10 The Committee asked about the work on Land Drainage Act contraventions and why out of 400 cases there had been no prosecutions. The Team Manager Flood Risk Management responded that enforcement action is very expensive. If the Team can discuss options and solutions with the landowner, often it is possible to resolve the issue more quickly through negotiation than through enforcement. All 400 cases will be resolved, and the Team will take enforcement action if necessary. ESCC can only recover prosecution costs once an appeal against prosecution has failed. Riparian responsibilities are the main issue where landowners do not understand their responsibilities. The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) has been doing some work with the Law Society to try and get riparian responsibilities recorded in deeds to help with this situation.

Alfriston flood issues and Risk Management Authority (RMA)

15.11 Councillor Stephen Shing asked about the flooding issues in Alfriston and the work ESCC is doing as the LLFA with the Pevensey and Cuckmere Water Level Management Board who are the Risk Management Authority (RMA) responsible for that area. The Team Manager Flood Risk Management outlined that there are a number of RMAs including ESCC, but there is no legal way ESCC can compel other RMAs to undertake works. So, it is a matter of working together and trying to align investment plans. Alfriston is a complex problem, and a number of works are planned or are underway (e.g. dredging the water course channel and forming/reforming embankments).

Blue Heart project

15.12 The Committee asked about the level of awareness in Eastbourne of the Blue Heart Project. The Team Manager Flood Risk Management responded that engagement with the Blue Heart project is a significant strand of work for the Team. Awareness is improving and we are much further forward than we were. However, not all households are aware of the project and how to protect themselves from flooding.

Run-off from Roofs

15.13 Committee members asked when considering planning applications, does the Team consider the run-off from roofs onto adjacent land and into drainage systems. The Team Manager Flood Risk Management outlined that the impact of run-off on receiving infrastructure and the existing conditions are considered by the Team, as well as any impact on the sub-catchment area. The Team requests discharge information at the outline planning stage on how the development will keep discharges at the same level as when the site was a greenfield site. This covers the capacity to slowly discharge run-off, including the scenario where there is a second storm event within 24 hours, and to understand the impact downstream.

15.14 The Committee RESOLVED to:

- 1) Note the update report on the Climate Change Adaptation and Flood Risk Management work being undertaken by CET; and
- 2) Note the intention to review the current Local Flood Risk Management Strategy for East Sussex and its delivery plan; and
- 3) Write to the Marine Management Organisation (MMO) to express concerns regarding the delays being experienced in granting permits.

16. WORK PROGRAMME

Local Transport Plan 4 (LTP4) Reference Group

16.1 Councillor Redstone gave an update on the work of the LTP4 Reference Group. He thanked all the Reference Group members for their participation in this piece of work and all the officers who had supported the Reference Group. The Group at its last meeting had been able to comment on the headline changes made to the LTP4 document prior to it being submitted to Cabinet on 26 September 2025, before going to Full Council for approval in October.

16.2 The Reference Group was one of a number of stakeholder groups consulted on the development of the Plan and it should be remembered that the LTP4 is a living plan which will be updated as work continues on strategies such as the Freight Strategy and updating plans such as the Local Cycling and Walking Infrastructure Plan. What is done as a result of the LTP4 will depend on the funding available from Government to implement the policies and actions

contained in the Plan. The Committee may wish to consider reconvening the Reference Group at some future date as the Plan develops and formal Government guidance is published.

Actions from previous meetings.

16.3 Councillor Hilton asked for an update on the waste composition analysis results from Surrey County Council requested at an earlier meeting. The Director of CET agreed to contact the Waste Team Manager to provide the information requested by the Committee.

16.4 The Committee RESOLVED to:

- 1) Agree the agenda items for the future Committee meetings, including items listed in the work programme in appendix 1;
- 2) Note the upcoming items on East Sussex County Council's (ESCC) Forward Plan in appendix 2 to identify any issues that may require more detailed scrutiny; and
- 3) Note the update from the LTP4 Reference Group as set out in section 4.1 of the report.

The meeting ended at 12.54 pm.

Councillor Matthew Beaver (Chair)