



## LEAD MEMBER FOR RESOURCES AND CLIMATE CHANGE

**DECISIONS** to be made by the Lead Member for Resources and Climate Change,  
Councillor Nick Bennett

**FRIDAY, 1 NOVEMBER 2024 AT 11.00 AM**

**REMOTE MEETING VIA MICROSOFT TEAMS**

### **AGENDA**

1. Decisions made by the Lead Cabinet Member on 15 October 2024 (*Pages 3 - 8*)
2. Disclosure of Interests  
Disclosure by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct
3. Urgent items  
Notification of any items which the Lead Member considers urgent and proposes to take at the appropriate part of the agenda.
4. Local Council Tax Reduction Scheme: Consultation Response (*Pages 9 - 12*)  
Report by the Chief Finance Officer
5. New property arrangements for Rye Sports Centre, The Grove, Rye, TN31 7ND  
(*Pages 13 - 20*)  
Report by the Chief Operating Officer
6. Any non-exempt urgent items previously notified under agenda item 3
7. Exclusion of the Public and Press  
To consider excluding the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).
8. New property arrangements for Rye Sports Centre, The Grove, Rye, TN31 7ND -  
Exempt Information (*Pages 21 - 34*)  
Report by the Chief Operating Officer
9. Any other exempt items previously notified under agenda item 3

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24 October 2024

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## LEAD MEMBER FOR RESOURCES AND CLIMATE CHANGE

DECISIONS made by the Lead Member for Resources and Climate Change, Councillor Nick Bennett, on 15 October 2024 at Remote Meeting via Microsoft Teams

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Councillors Hollidge, Redstone and Stephen Shing spoke on item 4 (see minute 35)

Councillor Stephen Shing spoke on item 5 (see minute 36)

Councillor Stephen Shing spoke on item 6 (see minute 37)

### 31. DECISIONS MADE BY THE LEAD CABINET MEMBER ON 3 SEPTEMBER 2024

31.1 The Lead Member approved as a correct record the minutes of the meeting held on 3 September 2024.

### 32. DISCLOSURE OF INTERESTS

32.1 There were none.

### 33. URGENT ITEMS

33.1 There were none.

### 34. REPORTS

34.1 Reports referred to in the minutes below are contained in the minute book.

## 35. COUNTY HALL SITE OPTIONS - ASSET REVIEW

35.1 The Lead Member considered a report by the Chief Operating Officer.

### DECISIONS

35.2 The Lead Member RESOLVED to:

- 1) Note the report, including the Scrutiny Committee comments and the detailed asset review in Appendix 1 of the report;
- 2) Approve that the Council proceed on a phased partnership approach set out in section 4 of the report reflecting the key milestones in the next few months;
- 3) Receive a report in July 2025 to review progress on the approach set out in this paper; and
- 4) Note, as detailed at paragraph 2.1 of the report, the current valuation of the site, even with planning permission for a mixed development, would deliver a capital receipt of less than £10m.

### REASONS

35.3 At the moment, there are no standout re-development options (2-4) in the report due to viability. The cost of providing a suitable new County Hall exceeds the market value for the sale of the site if sold, assuming planning permission was secured. Given the Council's financial constraints and the uncertainties noted in paragraphs 3.10 to 3.16 of the report, a phased approach means that the Council would look to remain at County Hall in the short term until alternative Council owned accommodation becomes available in the medium term at Sackville House, Lewes, at which point the Council would consider relocation (see Option 6 in the report). In the intervening period certain milestones are likely to occur (as outlined in paragraph 4.5 of the report) which could provide greater certainty over the variables noted within the report, and therefore greater knowledge of the viability of any potential development.

35.4 The Council will take immediate steps to ensure utilisation of County Hall improves, to boost rental income opportunities and to reduce property running costs. These would include:

- Relocating teams based in other locations in leasehold premises (other than Eastbourne and Hastings) to move to County Hall to reduce rental costs elsewhere.
- Mothballing a significant section of County Hall to reduce running costs. The Property team will work with directorates to consider how best to reduce the number of blocks that will remain open with the intention of finalising plans by December 2024.
- Appointing an office agent to pursue the medium term letting of spare space and working with business forums in Lewes to explore short term lettings.

35.5 Ahead of this work, a public sector partner has already agreed to take one floor of one of the blocks and this occupation will take place by the end of November 2024.

35.6 The intervening period will also enable the Council to obtain more information which would increase the certainty in any assessment of development viability. Key dates and information include:

- Adoption of the South Down National Park Authority (SDNPA) Local plan – Spring 2026.

- There may be another round of the Brownfield Land Release Fund which might provide grant funding for the site – Potentially by 2026.
- Any precedent being set on factors such as housing density, housing specification and levels of affordable housing coming from other planning applications in the SDNPA area – Ongoing.
- Central government policy changes or changes to the planning system given their commitment to housing delivery – 12-18 months.
- Changing nature of the property market, economic context, falling interest rates etc – Ongoing.

35.7 It will also allow close working with SDNPA and also further adopt partnership working with Lewes District Council, Lewes Town Council and other stakeholders to consider a wider master planning of County Hall alongside the statutory process in SDNPA process to develop their new Local Plan. This recognises the strategic importance of the site in the area.

35.8 A further report presented to the Lead Member in July 2025 will provide the new Council more information, and progress on this approach.

### 36. THE REVIEW OF PURCHASING RENEWABLE ENERGY GUARANTEES OF ORIGIN (REGOS)

36.1 The Lead Member considered a report by the Chief Operating Officer together with exempt information contained in a later agenda item.

#### DECISIONS

36.2 The Lead Member RESOLVED to:

- 1) Agree that East Sussex County Council ceases the purchase of Renewable Energy Guarantees of Origin certificates from 1 April 2025; and
- 2) Delegate authority to the Chief Operating Officer to take all actions necessary to give effect to the above decision.

#### REASONS

36.3 REGOs are purchased from existing suppliers of renewable electricity, so paying for REGOs does not automatically increase the investment in renewable energy generation. In other words, there is no 'additionality' in renewable energy available as a result of purchasing REGOs. The price of REGOs has increased significantly in the last few years, from about 20p per certificate a couple of years ago to a record high of £20 in October 2023 and continue to trade as such. At current prices, this would add about 3.5% to the Council's unit cost of electricity at a time when the Council is under significant financial constraints.

36.4 There is both a financial impact and a reputational risk to East Sussex County Council in continuing to purchase REGOs, with no clear benefit from doing so.

### 37. DILAPIDATIONS SETTLEMENT - UNIT D ROPEMAKER PARK, HAILSHAM

37.1 The Lead Member considered a report by the Chief Operating Officer together with exempt information contained in a later agenda item.

#### DECISIONS

37.2 The Lead Member RESOLVED 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 the report; and
- 2) Delegate authority to the Chief Operating Officer to take all actions necessary to give effect to the recommendations in the report, including, but not limited to, approving the amount of any settlement.

#### REASONS

37.3 The Council has taken appropriate professional advice with regard to the Landlord's dilapidations claim in respect of Unit D, Ropemaker Park, Hailsham. To minimise costs, the Council intends to resolve this matter by negotiation. 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.

### 38. EXCLUSION OF THE PUBLIC AND PRESS

38.1 It was RESOLVED to exclude the public and press for the remaining agenda items on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

### 39. THE REVIEW OF PURCHASING RENEWABLE ENERGY GUARANTEES OF ORIGIN (REGOS) - EXEMPT INFORMATION

39.1 The Lead Member considered a report by the Chief Operating Officer which provided exempt information in support of an earlier item on the agenda.

#### DECISIONS

39.2 The Lead Member RESOLVED to note the exempt information in the report which relates to an earlier item on the agenda.

## REASON

39.3 The report contained exempt information in relation to an earlier item on the agenda.

## 40. DILAPIDATIONS SETTLEMENT - UNIT D ROPEMAKER PARK, HAILSHAM - EXEMPT INFORMATION

40.1 The Lead Member considered a report by the Chief Operating Officer which provided exempt information in support of an earlier item on the agenda.

## DECISIONS

40.2 The Lead Member RESOLVED to note the exempt information in the report which relates to an earlier item on the agenda.

## REASON

40.3 The report contained exempt information in relation to an earlier item on the agenda.

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

**Date of meeting:** 1 November 2024

**By:** Chief Finance Officer

**Title:** Local Council Tax Reduction Scheme: Consultation Response

**Purpose:** To agree proposed response to Eastbourne Borough Council billing authority on proposed changes to their Local Council Tax Reduction Scheme 2025/26

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**RECOMMENDATION:**

**The Lead Member is recommended to approve the response to Eastbourne Borough Council, as set out on paragraph 4.1 of this report, on proposed changes to their Local Council Tax Reduction Schemes for 2025/26.**

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## **1 Introduction**

1.1 Council Tax billing authorities are required to review their Local Council Tax Reduction Schemes (LCTRS) annually and to consult publicly on any proposed changes. Precepting authorities are statutory consultees in this process; in East Sussex, these are East Sussex County Council (ESCC), East Sussex Fire and Rescue (ESFR) and the Sussex Police and Crime Commissioner (SPCC). The final decision to set or change the LCTRS rests solely with each billing authority.

1.2 Eastbourne Borough Council (EBC) are currently consulting on changes to their LCTRS for 2025/26. As a Precepting Authority, ESCC has been invited to provide a response to these proposals. The proposed changes in the scheme for 2025/26 are to increase the maximum Council Tax Reduction (CTR) available to working age adults to 100%, to remove the £5 per week minimum payment, and basing a self-employed claimant's income on their actual earnings, which will reduce the amount of council tax income the County Council will receive.

## **2 Supporting information**

2.1 When Council Tax Benefit (CTB) was abolished in April 2013, and local authorities were charged with designing their own LCTRS, the funding that had previously supported the CTB was reduced nationally by 10%. In response to this reduction in funding, 80% of local authorities made changes to the old CTB system by reducing entitlements for working age families, with the remaining 20% of authorities choosing to absorb the cut in funding entirely through other spending reductions or council tax increases (Institute of Fiscal Studies: IFS Report R90).

2.2 Over time each District and Borough council has developed a scheme that is specific to their authority. A review of LCTRS was conducted jointly through the East Sussex Chief Executives' Group and East Sussex Finance Officers' Association in 2014/15, which came into effect in 2016/17. It was agreed to implement measures to support those in financial need and also to provide additional staffing resource at each billing authority to support recovery activity. The costs of these measures were shared with precepting authorities in proportion to their share of Council Tax. ESCC made a one-off contribution of £122,457 to the Hardship Fund in 2016/17 and has made an annual contribution towards staffing costs at the four East

Sussex billing authorities which agreed to the Scheme (Hastings Borough Council did not participate), for 2024/25 this is projected at £191,145. The precepting authorities will be reviewing the value for money of these contributions, given the changes in council tax reduction schemes in recent years.

	<b>2016/17 Hardship Fund (£)</b>	<b>2024/25 Staffing – Projected (£)</b>
Eastbourne	34,510	43,047
Lewes	27,585	38,088
Rother	27,740	63,134
Wealden	32,622	46,876
<b>Total</b>	<b>122,457</b>	<b>191,145</b>

### 3 LCTRS Proposed Changes

3.1 EBC are consulting on changes to their LCTRS for working age people in 2025/26. The proposed changes in the scheme for 2025/26 are to increase the working age maximum relief available to 100%, to remove the £5 per week minimum payment, and basing a self-employed claimant's income on their actual earnings. The minimum payment is where any entitlement below £5 is not currently paid.

3.2 The loss of Council Tax income from these proposals has been estimated by EBC to be £1,108,700 in total per annum. ESCC's share of this loss of council tax income would be £778,300. The impact of the proposed changes on preceptors is detailed in the table below:

<b>Impact of Changes</b>	<b>ESCC</b>	<b>EBC</b>	<b>SPCC</b>	<b>ESFR</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
100% maximum working age relief	668,100	114,700	95,600	47,800
Remove the £5 per week minimum payment	2,200	400	300	200
Removing the Minimum Income Floor	108,000	18,000	15,000	17,500
<b>All changes</b>	<b>778,300</b>	<b>133,100</b>	<b>110,900</b>	<b>65,500</b>

3.3 The ESCC Medium Term Financial Plan, considered and noted by Cabinet on 26 September 2024, projected a budget deficit of £55.3m in 2025/26, growing to £83.6m by 2027/28, while agreeing to start a public consultation on savings totalling £4.0m. EBC's proposal would increase the projected deficit to £56.1m, adding to the already challenging financial position.

### 4 Proposed Consultation Response

4.1 Ultimately the decision to approve the proposed changes to its LCTRS rests with EBC, however it is suggested that ESCC makes the following consultation response:

*As you will be aware, in common with all local authorities, the County Council continues to face significant financial challenges, with the Council facing a budget gap of £55.3m in 2025/26, growing to £83.6m by 2027/28, with limited reserves to draw upon. The proposal would increase the projected deficit to £56.1m in 25/26, adding to the already challenging financial position. Council Tax is the County Council's most important funding stream (65.4% of net budget in 2024/25) and we rely on certainty of this income to enable us to effectively plan services for the future.*

*We wait for the government to provide further details of funding through the Budget Statement of 30 October 2024, but the Council has been left with no choice but to seek savings to a range of services to help manage the deficit. On 26 September 2024, our Cabinet approved the launching of public consultations for a range of savings proposals: [Agenda and draft minutes for Cabinet on Thursday, 26th September, 2024, 10.00 am | East Sussex County Council](#)*

*Residents needing support often receive services from both the County Council and yourselves, with the County Council's support often being targeted to specific needs. For the Eastbourne area, there are potential impacts on older people's services at Milton Grange and learning disability services at Lindon Court, as well as proposed reductions to housing related support services that will impact vulnerable residents in Eastbourne. We continue to explore further savings options, as current plans do not bridge the gap between the cost of meeting the increasing demand for our services and the available funding.*

*East Sussex County Council (ESCC) recognises the impact the ongoing cost of living crisis is having on local communities, particularly, those who are vulnerable, both financially and for other reasons. For example, ESCC continues to seek to support low-income residents via the Financial Inclusion Partnership. However, any further reduction in its council tax base will only increase the magnitude of savings required to address the budget gap, in many cases increasing the pressure on partners, including district and borough councils.*

*Should the decision be made to implement the change to the Local Council Tax Reduction Scheme, ESCC would ask EBC to seek to maximise any action that maintains, or increases, the overall Council Tax collection rates.*

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

5.1 EBC are consulting on proposals to change their LCTRS which will see a reduction on Council Tax income received by the County Council. Whilst the proposals address particular concerns within the authority, the impact of the reduction in income will be felt for County Council services that support the needs of residents across the Eastbourne area and the whole of East Sussex. The response to the consultation reflects the adverse financial impact of the proposed changes on what is already a significant financial challenge facing ESCC.

5.2 Therefore the Lead Member is recommended to approve the response to Eastbourne Borough Council, as set out in paragraph 4.1 of this report, on proposed changes to their Local Council Tax Reduction Schemes for 2025/26.

**IAN GUTSELL**  
**Chief Finance Officer**

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None

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

**Date of meeting:** 1 November 2024

**By:** Chief Operating Officer

**Title:** New property arrangements for Rye Sports Centre, The Grove, Rye, TN31 7ND.

**Purpose:** To seek approval for the Council to surrender the existing property arrangement and agree a 20-year full repairing lease with Rye Town Council to enable the continuation of the community and curriculum use of the facilities including the swimming pool.

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## RECOMMENDATIONS:

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

- 1) Subject to Rother District Council agreeing to terminate the existing property arrangements and their contract with Freedom Leisure by April 2025:
  - (a) Approve the surrender of the existing property agreements at Rye Sports Centre and Swimming Pool;
  - (b) Approve the County Council entering a 20-year lease with Rye Town Council at Rye Sports Centre and Swimming Pool to facilitate ongoing curriculum and community use. This represents best value under s123 of Local Government Act 1972 and is supported by a formal valuation report;
  - (c) Approve the grant of a sub-lease between Rye Town Council and Rye Health and Well-Being Charitable Incorporated Organisation (CIO); and
  - (d) Approve the capital investment to be undertaken at Rye Sports Centre and Swimming Pool following successful grant awards secured by Rother District Council (RDC) from Sports England and RDC Levelling Up Funding, having regard to the specific grant conditions.
- 2) Agree that a further report be brought to the Lead Member should Rother District Council not agree to terminate the existing arrangements as set out in recommendation 1 above; and
- 3) Delegate authority to the Chief Operating Officer to agree the terms of the property lease and other associated agreements and to carry out all actions necessary to give effect to the recommendations in this report.

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## 1 Background

- 1.1 East Sussex County Council (the County Council) holds a Joint Use portfolio, currently comprising 10 assets. The majority of assets within the Joint Use portfolio are subject to a legal agreement, known as a Joint Use Agreement (JUA) setting out roles and responsibilities of the respective parties, as set out in paragraph 1.3 below. Most of these JUAs relate to the use of the facilities by schools for delivery of the curriculum and the wider community outside of the curriculum hours.
- 1.2 The joint-use assets are run and managed by a wide range of partners including the County Council, as well as District and Borough Councils, Town Councils, and community groups. The

majority of District and Borough Councils have contracts with leisure operators to manage the facilities on their behalf.

- 1.3 The JUAs set out the operational, financial, day-to-day maintenance and capital investment arrangements which are shared in agreed proportions between the partners.
- 1.4 This report sets out the current arrangements in relation to one of the joint-use assets, Rye Sports Centre and Swimming Pool, along with the proposed new property arrangements following Rother District Council's (RDC) decision to withdraw from leisure provision at Rye Sports Centre and Swimming Pool. The report sets out 2 options with a recommendation to grant a property lease to Rye Town Council (Rye TC) for both Rye Sports Centre and Swimming Pool and subsequently grant a sub-lease to the Charitable Incorporated Organisation (CIO).

## **2 Supporting information**

- 2.1 Rye Sports Centre and Swimming Pool provides a current mixture of dry-side and wet-side facilities as set out below. The facilities are adjacent to the Rye College Aquinas Trust (Rye College) site.

Dry-side:

- Sports Hall, Studio 1 and Studio 2.
- Fitness suite.
- Changing facilities.
- Academy Hall (will not form part of the new arrangements).

Wet-side:

- Swimming pool.
- Access and changing.
- Car parking arrangements.

Outside

- Multi-Use Games Area (MUGA)

### *Current Property arrangements*

- 2.2 At present, there are a number of property agreements with different partners, and these are summarised below:

#### Swimming Pool (wet-side), car parking – Licence

- RDC funded a building extension on County Council land to enable the addition of a swimming pool facility.
- The Licence covers the swimming pool, reception area, access and use of the associated car parking.
- The Licence agreement is between the County Council and RDC only and it will expire in December 2024 (this can be extended).

#### Rye College Aquinas Trust lease and Joint Use Agreement

- The County Council granted a 125-year Academy lease to Rye Academy Trust, now known as Rye College Aquinas Trust, in April 2016. The Academy has retained rights to use the dry side facilities for curriculum use only as a partner to the JUA.
- The JUA allows community use of the dry-side facilities outside curriculum hours used by the Academy.
- The Academy separately hire the wet-side facilities on occasion.

#### Multi-Use Games Area (MUGA)

- The MUGA forms part of the Rye College Aquinas Trust facilities and is currently run and managed directly between the College Trust and Freedom Leisure (FL).
- The facility will not form part of the proposed new Rye Sports Centre lease arrangements.
- It's intended that the future community use will continue under separate arrangements.

#### Rye Sports Centre Joint Use Agreement

- The dry-side facilities are currently subject to a JUA between the County Council, RDC and Rye College Aquinas Trust, dated April 2016, which expires in March 2026.
- There has been a JUA in place at Rye Sports Centre since January 1986. The JUA relates to the use of the facilities by the school for delivery of the curriculum activity and by the wider community use outside of the curriculum hours.

#### *RDC's Contract arrangements with Freedom Leisure*

- 2.3 RDC have a services contract with FL, which relates to both the dry-side and wet-side facilities in place until March 2026. RDC made a decision to focus on some key outcomes from their Budget Consultation exercise and therefore a decision was made to withdraw their financial support for Rye Sports Centre and Swimming Pool. If the proposed new property arrangements, as set out in this report, proceed, RDC and FL will need to mutually agree to an early cessation of their services contract.

#### *Recent operational challenges for Rye Sports Centre and Swimming Pool*

- 2.4 The majority of public sector leisure centres and sports centres are still impacted by the Covid-19 closures. In general, leisure and/or sports facilities and swimming pools in particular have been impacted by utility increases and slower return of attendance to pre-pandemic levels, both of which have impacted on operating viability. RDC, in common with other local authorities, have also needed to provide additional financial support to its leisure services operator and has been partially funded by local and central government grants.
- 2.5 FL are an established leisure provider and have been running Rye Sports Centre and Swimming Pool for circa 10 years on behalf of RDC. FL temporarily closed the pool facilities because of the Covid-19 requirements and, latterly, as a result of viability concerns. RDC and FL worked together to agree the reopening of the pool with slightly revised opening times. FL subsequently indicated to RDC that it is no longer viable for them to continue to operate Rye Sports Centre and swimming pool under the current services agreement without significant revenue contribution from RDC. FL wish to exit the Agreement by working towards an April 2025 transfer of the operation to a new provider, if possible.

#### *External funding secured, ring fenced to Rye Sports Centre and Swimming Pool*

- 2.6 RDC has confirmed that they have been successful in securing, and are in receipt of, a Sport England grant for roof solar panel investment of £140,000 in relation to Rye Sports Centre and Swimming Pool, which represents a long-term investment in the sustainability of the site. The County Council has received a copy of the Sport England grant terms and conditions relating to this funding. This includes a requirement for ongoing energy monitoring for a 3 year period up to 2027; this responsibility will be retained by RDC. The County Council has sought written confirmation from RDC that, if the facilities were to close prior to the expiry of this three year period, the County Council would not be liable for any payback of any grant based on the Sport England terms and conditions.
- 2.7 RDC has also secured Levelling Up Funding (LUP Funding) of £650,000, ring fenced to Rye Sports Centre and Swimming Pool, to improve the overall sustainability of the Centre. The improvements which the grant enables may include replacement of plant and machinery and include up to date carbon reduction initiatives. The County Council will be approving the scope

and specification of the works to ensure the investment is targeted and deployed to the infrastructure of the building to aid the ongoing viability of the Centre. RDC advise that the funds are to be allocated to an agreed project spend by March 2025 and advise that the actual spend must be undertaken by the end of March 2026. Monitoring of the grant application will be required for a period, which will be direct between RDC and a new operator. The County Council is seeking written approval from RDC that once the building contract is awarded, any associated unspent funds at point of transfer will be novated from RDC to Rye CIO from 1 April 2025, if the works are not completed. Further details on this point are set out in an exempt report later in the agenda.

### *Options*

- 2.8 Local stakeholders, including RDC, Rye TC, Rye College Aquinas Trust and the County Council formed a Working Group in late 2023 to explore the potential new operating model. Rye TC were keen to lead a new operating model and sought partners, in principle, to consider setting up a CIO to run and manage Rye Sports Centre and Swimming Pool. Rye TC supported the establishment of a CIO who would run and manage the Sports Centre and Swimming Pool. Rye TC and partners requested the CIO submitted a business case that provided a viable and sustainable operating model. A business case was developed, and the key elements considered were: (i) securing working capital; (ii) boosting demand for use of the centre; and (iii) having a new operational team with experience running the centre.
- 2.9 For all stakeholders, the viability of running a public swimming pool is challenging as it requires fit for purpose facilities and ongoing revenue income. In respect of the fit for purpose, RDC has secured external funding from 2 sources and this investment is geared around the centre being open, viable and operational for the mid/long term future. Rye TC have worked with the CIO to fully assess their business case and to ensure the working capital is in place. The details of the working capital are outlined in an exempt report, later in the agenda.
- 2.10 Option 1 is for the County Council to support the new proposed property arrangements for Rye TC and CIO to operate and manage the sports centre from 1 April 2025. The licence for the swimming pool between ESCC and RDC would need to be extended for 3 months from 1 January – 31 March 2025.
- 2.11 Option 2 is for the County Council to undertake public consultation to explore options for the future management of the facilities. This would result in temporary closure of the swimming pool from December 2024, when the current licence between the County Council and RDC expires.

### *Option 1 – The County Council continues to work on a new operating model with stakeholders*

- 2.12 The proposed model involves surrender of all existing legal property documentation for the dry-side and wet-side and to set up new property arrangements, to be in place by 1 April 2025. This would require current property arrangements between the County Council and RDC and their respective contract arrangements with FL to be formally surrendered. The County Council would grant a 20-year lease of the sports centre and swimming pool to Rye TC. RDC would then step away from any property interest post April 2025, with the exception of the solar panel monitoring responsibility. The draft heads of terms are agreed between the County Council and Rye TC (set out in Appendix 1 to an exempt report later in the agenda) and allow Rye TC to sub-let to the CIO who would manage the asset and leisure services operations based on the terms in the Headlease. The CIO are a newly established charitable organisation set up solely to run the sports centre. There will be a local Agreement between the CIO and Rye College Aquinas Trust to ensure ongoing curriculum use of the dry-side facilities; this will be a condition of the lease between the County Council and Rye TC.
- 2.13 It is important to note that the heads of terms between the County Council and Rye TC lease contain a tenant break clause, which is operable at any time after 6 months (i.e. September



2025), by Rye TC. However, this clause may only be exercised if the CIO, as an organisation, does not exist and the centre is not open. Rye TC cannot hold a lease if the CIO were no longer operational as they may have to bear holding costs long term and this includes business rates. The CIO, as a registered charity, benefit under current rating legislation to exempt mandatory and discretionary relief from business rates.

- 2.14 The CIO are seeking a 20-year sub lease from Rye TC on the same terms as between the County Council and Rye TC. However, the sub-lease would not have a CIO break clause, as this allows the CIO to have greater access to secure external funding. Most funding organisations require a long-term lease in place.
- 2.15 Rye TC held a Full Council meeting on 30 September 2024 where it was resolved (a) to approve the heads of terms between the County Council and Rye TC; (b) to seek re-assurance that start up donations and/or contributions have been secured by the CIO; (c) to approve the CIO business case; and (d) that due diligence is completed.
- 2.16 The County Council is seeking written assurance from Rye TC that they have written confirmation of the sub lease heads of terms between Rye TC and the CIO.
- 2.17 The Council has received valuation advice to confirm that the proposed lease to Rye TC, on the terms agreed, provide best consideration under s123 of Local Government Act 1972.

*Option 2 – Seek public consultation on the future options of the centre.*

- 2.18 The County Council has previously conducted public consultations at other joint use facilities over the last two years. The sites were at Heathfield, Uckfield and Ringmer. During these consultations, no stakeholders came forward before the expiry of the existing arrangements proposing a viable or sustainable option. However, post public consultation discussions at Uckfield, with Wealden District Council and Ringmer Pool, with Lewes District Council did confirm and establish new property and operating models.
- 2.19 Rye Sports Centre and Swimming Pool is different to Heathfield, Uckfield and Ringmer as local stakeholders have been keen to find a viable and sustainable solution with partners ahead of any potential public consultation.

*Proposed Future Property Arrangements summary*

- 2.20 20-year full repairing lease between the County Council and Rye TC
  - The Council has agreed in principle to a new 20-year full repairing lease with a rolling 6-month break clause to Rye TC to enable operation of both the dry-side and wet-side facilities. This would require the surrender of the existing joint use agreement between the County Council, RDC and Rye College Aquinas Trust.
  - A schedule of condition will be undertaken once the LUP and solar panel works are completed.
  - Rye TC would subsequently grant a 20-year sub-lease to Rye CIO to operate the facilities. The commercial aspects are outlined in an exempt report later in the agenda.
- 2.21 Rye College Aquinas Trust
  - Rye College Aquinas Trust would continue to use the dry-side facilities for their curriculum use delivery along with hire arrangements for the swimming pool. The dry-side arrangements will be subject to an agreement between the CIO and the College Trust on how the curriculum facilities were to run day to day.

## 2.22 20-year full repairing lease between Rye TC and Rye Health & Wellbeing CIO

- The County Council has asked for written confirmation that heads of terms between Rye TC and the CIO are agreed and finalised and that they have secured the working capital and funds are in place.

## 2.23 RDC, Rye TC and Rye CIO

- All parties will work on a lead out plan with RDC and FL to ensure receipt of all up-to-date information to enable a smooth and seamless transfer of the service if option 1 is pursued.

### *Financial Implications*

- 2.24 There are currently no annual ongoing revenue financial liabilities for the County Council arising from the existing JUA and licence property arrangements. However, there was a recent joint condition survey by RDC and the County Council. The survey results indicated the County Council will be responsible for up to £10,000 of works with RDC being responsible for the other works. At present, the County Council does not pay any annual property running costs under the JUA or under the County Council licence to RDC relating to the swimming pool.
- 2.25 An exempt report later in the agenda sets out additional information related to the associated costs for options 1 and 2. It should be noted, however, that there are potential financial consequences and risks in the medium and long term to the County Council if the proposed operating model property arrangements were not sustainable (Option 1) though these should be noted alongside the financial consequences of Option 2.

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

- 3.1 The County Council is keen, wherever possible, to seek ongoing community use of the dry and wet side facilities, but with the understanding that the County Council is not a leisure commissioner. The County Council owns the freehold of the dryside and wetside assets and therefore has sought to facilitate a smooth transition of services currently provided by RDC and FL to be managed by Rye TC and the CIO from 1 April 2025.
- 3.2 Under **Option 1**, if the CIO is successful and continues to operate for the next 20 years, there are low scale risks to the County Council. However, this preferred route does present some potential risk to the County Council if the CIO was to fail within the next 20 years and more information is set out in the exempt report later in the agenda. In essence, the County Council could at a future date be responsible for the wet side facilities and holding costs on an ongoing basis. The CIO has secured working capital as outlined in its business case and capital investment via LUP and Sport England as outlined in this report which will ensure the facilities are fit for purpose. The CIO are seeking to tap into latent demand from local residents to increase usage of the facilities and their business case has been reviewed and approved by Rye TC.
- 3.3 **Option 2** seeks to commence public consultation, if RDC hands back the swimming pool on 1 January 2025. The swimming pool would need to temporarily close and this will result in holding property costs. A future operating model would need to be found, and it would need to be viable and sustainable. The County Council is not a leisure commissioner so it would not seek to procure a services contract direct, which would require ongoing public revenue funding for this facility.
- 3.4 Proceeding with Option 1 above, noting the commercial aspects outlined in the exempt report, will enable the continuation of both the curriculum and community use of the facilities. At the

same time, significant capital investment is taking place from external funding secured by RDC as outlined in this report.

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

- 1) Subject to Rother District Council agreeing to terminate the existing property arrangements and their contract with Freedom Leisure by April 2025:
  - (a) Approve the surrender of the existing property agreements at Rye Sports Centre and Swimming Pool;
  - (b) Approve the County Council entering a 20-year lease with Rye Town Council at Rye Sports Centre and Swimming Pool to facilitate ongoing curriculum and community use. This represents best value under s123 of Local Government Act 1972 and is supported by a formal valuation report;
  - (c) Approve the grant of a sub-lease between Rye Town Council and Rye Health and Well- Being Charitable Incorporated Organisation (CIO); and
  - (d) Approve the capital investment to be undertaken at Rye Sports Centre and Swimming Pool following successful grant awards secured by Rother District Council (RDC) from Sports England and RDC Levelling Up Funding, having regard to the specific grant conditions.
- 2) Agree that a further report be brought to the Lead Member should Rother District Council not agree to terminate the existing arrangements as set out in recommendation 1 above; and
- 3) Delegate authority to the Chief Operating Officer to agree the terms of the property lease and other associated agreements and to carry out all actions necessary to give effect to the recommendations in this report.

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

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LOCAL MEMBERS  
Councillor Glazier

BACKGROUND DOCUMENTS  
None

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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