

SCRUTINY COMMITTEE FOR ECONOMY, TRANSPORT AND ENVIRONMENT

MINUTES of a meeting of the Scrutiny Committee for Economy, Transport and Environment held at County Hall, Lewes on 10 September 2014.

PRESENT: Councillors Richard Stogdon (Chair), Mike Pursglove (Vice Chair) Claire Dowling, John Hodges, Pat Rodohan, Rosalyn St. Pierre and Barry Taylor.

LEAD MEMBERS: Councillors Carl Maynard (Lead Member for Transport and Environment) and Rupert Simmons (Lead Member for Economy).

ALSO PRESENT: Rupert Clubb, Director Communities, Economy and Transport; Karl Taylor, Assistant Director Operations; James Harris, Assistant Director Economy; Richard Dawson, Head of Economic Development; Jason Lavender, Director High Weald AONB; Tony Cook, Head of Planning (item 7); Brian Banks, Manager – Road Safety (item 7). Councillor Michael Ensor (Item 5).

Scrutiny Lead Officer: Martin Jenks

10. MINUTES OF LAST MEETING

- 10.1 The minutes of the meeting held on Monday 11 June 2014 were agreed.
- 10.2 RESOLVED – to approve as a correct record the minutes of the meeting held on 11 June 2014.

11. APOLOGIES FOR ABSENCE

- 11.1 No apologies for absence were received.

12. DECLARATIONS OF INTEREST

- 12.1 Councillor Rodohan declared a personal interest in item 6 as he is involved with the Federation of Small Businesses. He did not consider this interest to be prejudicial.
- 12.2 Councillor Maynard declared a person interest in item 5 as the matters may relate to Rother District Council where he is the Leader of the Council. He did not consider this interest to be prejudicial.
- 12.3 Councillor Hodges declared a personal interest in item 6 as he is a Director of the Let's do Business Group. He did not consider this interest to be prejudicial.

13. URGENT MATTERS

- 13.1 None notified.

14. RECONCILING POLICY, PERFORMANCE AND RESOURCES (RPPR)

14.1 The Director of Communities, Economy and Transport introduced the report and outlined the financial challenges facing the authority in coming years. It is anticipated that the three years up to 2020 will be particularly challenging (i.e. from financial year 2016/17 onwards) with the Council facing the need to make up to a further £90 million in savings. The department contributes towards all four of the Council's priorities but has a particular role in Driving Economic Growth.

Departmental Budgets for 2016/17 Onwards

14.2 The Committee examined the revenue budget for the department and asked what opportunities existed for making further savings, or generating additional income, after 2015/16. The main points discussed by the Committee are described below.

Environment

14.3 The bulk of the expenditure on Environment is taken up by the Waste Private Finance Initiative (PFI) Contract and staffing numbers are low. However, some work has been done to share income streams under the contract, designed to drive down costs attributed to the contract.

14.4 The Council receives a share of the income of the electricity generated. This is currently around £400,000 per year, but will fluctuate depending on the energy price market. The Council also receives a share of the income deriving from commercial waste. If the amount of domestic waste reduces (through increased recycling rates or waste reduction), there is an opportunity to increase the amount of commercial waste handled and hence increase income.

Highways

14.5 The Highways contract does not have the same financial restrictions as the Waste PFI contract and there is more flexibility to reduce the costs of the contract. Because of the importance of the road network, the Council has made significant additional capital investment in it recently. There are risks in reducing the investment and funding levels in the highways contract, as this may lead to worsening road conditions and increased complaints.

Future Savings Proposals

14.6 The Committee is concerned as to how further savings can be made from the department's revenue budget and wishes to have indications from the department as to where savings are likely to be proposed. The Director of Communities, Economy and Transport commented that some very hard choices shall have to be made. Information regarding the impact and consequences of further savings and the Scrutiny Committee will be necessary in helping to shape proposals.

14.7 For the financial year 2016/17 onwards the Committee needs further information on:

- The likely level of savings required from the department's budgets out of the possible £70m to £90M required for the whole Council.
- The respective sources of these savings and what impact this will have on services.
- Whether the Environment & Highways budgets shall be protected from further savings and what impact that shall have on other services within CET.

Capital Programme

14.8 The Committee discussed the capital programme for the department. Capital investment should reduce revenue spending, if well planned. A number of assets require investment (e.g. bridges). Particularly, capital investment in roads can reduce the need for reactive maintenance, thus reducing revenue spend.

14.9 Current capital investment on the road network has assisted in maintaining stability in condition and, in some cases, improved it. The main exception to this has been the condition of the unclassified roads, which have deteriorated from 20% needing repair to 25% needing repair. The Council has addressed this with an additional £5 million of investment, which is projected to improve unclassified road condition to 22.5% needing repair.

14.10 The department's capital investment programme is largely driven by need. A Capital Board determines priorities based on the business case for each project, to ensure the Council obtains best value for money. The Committee observed that the number of capital projects funded by borrowing will have an impact on the revenue budget through increased capital financing charges. The Council may need to review the capital programme to save capital financing costs. The Committee would like to have more information on the department's capital programme position to understand the capital financing implications for the revenue budget.

Other Sources of Funding or Income

14.11 The Committee requires an indication of how income streams are to be increased to reduce budget pressures, besides making further savings.

Community Infrastructure Levy (CIL)

14.12 From next year, the introduction of the CIL may increase income from developers. This will replace the use of Section 106 planning agreements and applies to developer contributions for a wider range of infrastructure. It may be useful for all members to have an understanding of the implications of the CIL and to have a briefing from the Borough and District Councils on their use.

Government and European Union (EU) Grants

14.13 The department does look at all external funding opportunities and works with the External Funding Team to develop projects. However, most external funding does not allow the Council to offset existing revenue expenditure against the grants received and there is usually a requirement to provide match funding for projects. East and West Sussex have applied for EU funding through the South East Local Enterprise Partnership (SELEP). Lewes District Council has been successful in bidding to Coastal Communities Fund and has secured money to extend the Training and Enterprise Centre on Denton Island in Newhaven.

Non Domestic Rates (NDR).

14.14 The Economic Development activity the department undertakes will have an impact on the Council's income in the long term because this helps to increase revenue from non domestic rates. Changes in local government finance rules mean that Council's will be able to retain the income from non domestic rates that they collect, rather than paying it to central government.

Departmental Savings Plan for 2015/16

14.15 The Committee examined the departmental savings plan for the next financial year (2015/16). The following items were discussed by the Committee.

- Road safety engineering. The impact of this saving will be minimal as nearly all the accident hot spots have been improved. The main cause of killed or seriously injured (KSI) road casualties is driver behaviour. The Sussex Safer Road Partnership (SSRP) is developing a number of programmes to tackle this and is targeting vulnerable road user groups.
- Infrastructure development and design. This saving has been achieved by funding 100% of staff costs from the capital projects that are being worked on. There is no negative impact on service delivery.
- Highways maintenance. Savings have been achieved by a move from reactive to planned maintenance. Savings in Highways contract rates have been built into the budget based on the re-procurement project work that has been carried out.
- Passenger Transport. The Committee is aware of the strategic commissioning project that is underway and the proposals for changes to the supported bus network to achieve savings. The proposals that are currently out for public consultation will mean that 91% of journeys will be unaffected and 95% of evening and weekend services will continue. The proposed changes have been designed to ensure people can still get to and from work at peak times and children can get to and from school.
- Street Lighting. The invest to save project to replace conventional light fittings with low energy, lower maintenance LED (light emitting diode) light fittings continues to be rolled out.
- Waste PFI. The savings in the plan result from gaining value from residual waste and other the income generation activity under the contract (see paragraph 14.4).
- Countryside Management. The Committee wishes to see what proposals are brought forward, but has previously heard from the Team Manager for Rights of Way and Countryside Maintenance on the impact of the proposed savings (Economy, Transport & Environment Scrutiny Committee meeting held on 17 March 2014).
- Budgeting and efficiency savings. The Director of Communities, Economy and Transport confirmed that the department applies zero based budgeting techniques when constructing the budgets. The department has introduced efficiency savings by reducing the management overhead and continues this work through projects such as the Agile working programme (e.g. the Trading Standards team is involved in an early adopter trial).

RPPR Review Board

14.16 The Committee agreed to convene a Scrutiny Review Board to consider the portfolio and savings plans. All Committee members will participate in the Board, which will be held on Monday 15th December 2014 following the Lead Member meeting.

14.17 RESOLVED: - It was resolved:

- 1) To note the report and;
- 2) Establish an RPPR Review Board.

15. DELIVERY OF ECONOMIC DEVELOPMENT & SKILLS PROJECTS AND ACTIVITY

15.1 The Assistant Director, Economy introduced the report and highlighted some of the main achievements over last twelve months and current work plans.

15.2 The Local Government Association (LGA) - Open for Growth Peer Review has shown that our strategic partners support the Council's strategy for driving economic growth. The development plan has three key strands which are:

- Developing Infrastructure (road, rail, broadband access and business premises etc.).
- Encouraging businesses to locate in East Sussex and supporting existing businesses to expand.
- Skills and employability work to ensure the local workforce has the right skills to access employment and support business expansion.

15.3 The Local Growth Deal funding referred to in paragraph 2.5 of the report shows the impact of the proposed projects in term of jobs and housing over 6 years starting in April 2015. The projection for jobs and homes assumes that all the funding bid for is allocated and all the projects delivered. So far we have been allocated £56million out of the £148 million bid for to develop capital projects and transport schemes.

15.4 There is a perception that many projects are focussed around the east of the county. This is partly because some projects were inherited from the South East England Development Agency (SEEDA) which looked only at the Hastings and Bexhill area. However, this is a countywide plan to invest in infrastructure and projects that benefit the whole County, such as the Superfast Broadband project. There is a need to provide more detail on the projects being undertaken to counter this perception, and information should also include the economic development work of the District and Borough Councils.

Infrastructure

Road

15.5 The Council has lobbied hard for upgrades to the County's strategic road network. The Department for Transport (DfT) and the Highways Agency are looking at options to improve the A27 between Lewes and Polegate. The Council is making a strong case for this section of road to be a dual carriage way. The vehicle use figures of 24,000 vehicles per day show that this section of road is already over capacity. The department is also working with Kent County Council to lobby for improvements to the A21.

15.6 Funding has been secured for junction improvements to the A27 at Polegate, the port access road at Newhaven and the "Queensway Gateway" access road. These projects are in addition to the Hastings to Bexhill link road project.

Rail

15.7 The rail strategy's first priority is the upgrading of the Hastings to Ashford line. Network Rail has accepted the business case for electrifying this line and is considering running high speed services between Hastings/Bexhill and London. This could cut up to 40 minutes off the journey time to London. The second priority is to invest in the line north of Uckfield through electrification. The desire to reinstate the Uckfield to Lewes rail link is still in the rail strategy.

Air

15.8 The Committee discussed the Council's support for a second runway at Gatwick airport and the potential negative impact on residents in the north of the County. The Scrutiny Committee was not afforded the opportunity to consider this matter, which would have enabled the Council to take into account the concerns of a large number of people in various parts of the County, particularly in regard to noise issues before the decision was made to support the second runway at Gatwick.

15.9 The Assistant Director, Economy explained that there are two separate issues involved with the Gatwick airport expansion. Firstly, there is a strong case to support the second runway for economic development reasons. At least 5% of the Gatwick airport workforce comes from East Sussex and this figure does not include those people who work for ancillary businesses who supply the airport. It is estimated that the second runway proposals will directly create a further 850-900 new jobs at the airport, plus those in ancillary business. The impacts on local infrastructure have also been noted.

15.10 Secondly, there have been issues over noise pollution. Over the summer the airport have been trialling an number of new flight paths and approaches to the airport which have resulted in increased noise pollution. The department has written formally to Gatwick to raise concerns about the noise levels.

Superfast Broadband

15.11 The Committee asked for reassurances that British Telecom (BT) were held to account at the time of the bid for this project and that the Council is getting the services that have been tendered for. The Committee also asked if there had been a substantive uptake of the new broadband services.

15.12 Phase 2 of the Superfast broadband project will be completed by December and is 8 weeks ahead of schedule. BT are being held to account and they are delivering the project requirements as specified in the contract. Progress is being monitored but there are difficulties in obtaining information on the uptake of services. BT are reluctant to give figures due to concerns over the commercial sensitivity of this information. The Council has raised this with Broadband Delivery UK (BDUK) in an attempt to try and find a solution. Anecdotally there is evidence that the uptake has been high, but no mapping has been done of where this has taken place. There is also evidence that broadband is behind the growth of some small businesses.

15.13 It is not financially or technically viable to install fibre optic cable to some locations. The Council is looking at options to provide Superfast Broadband to hard to reach locations. There is a £6m budget that will be used to fund a separate contract for this part of the project which will be tendered shortly.

Attracting and Supporting Businesses

Regional Growth Fund (RGF) and Let's Do Business

15.14 The Council has worked in partnership with the Let's Do Business groups to bid for £4 million of regional growth fund money to support the expansion of businesses. This economic intervention fund has been a real success with 313 new jobs created and 41 protected from the £2.5m spent so far. Work is being undertaken through the Chambers of Commerce to ensure the information about the availability of the fund reaches local businesses. The department is confident that the remaining £1.5million will be spent by the end of the financial year.

15.15 The ESCC Capital for Growth Fund has created 648 new jobs with a cost per job created of around £6,000. This compares very favourably with national benchmarks of £8,000 to £10,000 per job, and will lead to a potential Gross Value Added (GVA) contribution to the local economy of £22.68m per year. This underlines the effectiveness of the department in achieving value for money.

Growth Strategy / Innovate East Sussex

15.16 Work is being undertaken to identify clusters of businesses that can be included in the development of an East Sussex Growth Strategy. This work will support future bids and direct further investment. The sorts of clusters already identified include:

- Nanotechnology
- Bio medics
- Viticulture
- Language Schools
- Creative and cultural industries/destinations.

Leisure, Culture and the Environment

15.17 East Sussex has an important cultural and creative sector. Cultural destinations such as Glyndebourne, the Towner Gallery, the De La Warr Pavilion and the Jerwood Gallery contribute to the local economy. For example, it is estimated that £81 is spent in the local economy for each person who attends Glyndebourne. Therefore it will be important to look for opportunities to try and increase the money spent in the local economy on cultural services.

15.18 Creative and cultural centres are significant employers in East Sussex and tourism has been a mainstay of the local economy. East Sussex has a wealth of history and has unique landscapes in the form of the High Weald, South Downs and Coastline. The Committee expressed the view that there needs to be stronger branding and publicity for East Sussex as a place to visit, work and do business. The Assistant Director, Economy explained that there was a project working on the marketing of East Sussex as a brand, to promote it as a place to visit, work and do business.

15.19 The Committee recognised that economic development activities may cause pressures on the natural environment, which may have an impact on quality of life. There are a number of protections in place to conserve the natural environment and sustainable business plans are used which take into account environmental impacts. The approach that is being taken is to look at how the rural hinterland and the coastal urban strip can work together to improve opportunities for residents in these differing locations.

15.20 In East Sussex a high percentage of the population commute to work. Economic development activity that creates local employment and higher paid jobs helps to reduce commuting which, in turn, has a beneficial impact on the environment.

Skills and Employability

15.21 The Communities, Economy and Transport (CET) department has made progress in this area and has worked with the Children's Services Department and others to agree a Skills and Employability Strategy. The strategy makes it clear what needs to be done corporately within East Sussex County Council and externally. The next step is to establish a commissioning board with Further Education Colleges and businesses to implement the strategy and develop the curriculum offer.

Rural Economy – Presentation by Jason Lavender, Director High Weald Area of Outstanding Natural Beauty (AONB)

15.22 Jason Lavender, the Director of the High Weald AONB gave a presentation to the Committee on the rural economy and an example of one of the economic development projects the AONB is involved in delivering called “Re-Stocking the Weald”.

15.23 The High Weald is a distinct landscape based on geology and soils that bear more similarity to Upland landscapes than the surrounding chalk Downs. It is one of the best preserved medieval landscapes formed by 700 years of human activity. The soils are relatively poor in agricultural terms (mostly grade 3 agricultural land, with grade 1 being the best). It is characterised by small settlements which are important in the growth of small businesses.

15.24 Rural areas are engines of economic growth through the land based industries sector. In East Sussex these are predominantly:

- Forestry and woodland enterprises
- Agriculture
- Field sports
- Industry

15.25 The rural economy and land based industries face a number of challenges such as:

- A declining agricultural and forestry workforce;
- High land and house values;
- A lack of work spaces such as yard space and farm buildings;
- An increase in non-productive use of land and;
- A difficulty in retaining young workers and securing land based employment opportunities for them.

15.26 The High Weald also provides a number of ‘ecosystem’ services which support a good quality of life. It acts as a filter and provides clean water supplies; it supports biodiversity and wildlife; and it acts as a carbon sink by absorbing carbon dioxide from the atmosphere.

Re-Stocking the Weald Project

15.27 This project looks at the future of livestock farming in the Weald, which has been in decline for some time. Grass based livestock production is important as it is the primary tool for maintaining the landscape. Livestock numbers are in decline and there has been an almost complete loss of dairy farms. Older farmers don’t have successors to take over their farms and new land owners have taken land out of agricultural production

15.28 The aim of the project is the sustainable intensification of land use in the Weald. The food products produced on farms in the High Weald tend to be niche market products and are not supplying the mainstream market. The High Weald excels at producing grass (not grain) fed meat as grass grows well here.

15.29 There are financial and skills barriers stopping young farmers from taking on farms and the project is looking at ways of matching up under utilised land with people who want to farm it. The way forward is to work with farmers, land owners and other institutions e.g. agricultural colleges, land agents, banks etc. to get more land back into production and create more land based jobs.

15.30 As the project develops, the financial sustainability of this approach will be evaluated. At present, those involved with the project see it as something that makes sense to try and do.

15.31 RESOLVED: - It was resolved to note the report:

16. SCRUTINY REVIEW OF SCHOOL CROSSING PATROL ALTERNATIVE FUNDING

16.1 The Committee considered the report from the Review Board on the scrutiny review of school crossing patrol alternative funding. The Review Board was comprised of Councillor John Hodges, Councillor Pat Rodohan, Councillor Barry Taylor and Councillor Richard Stogdon.

16.2 Comments on the report were invited from members of the Committee and the officers involved with the review. The Head of Planning highlighted the time consuming nature of obtaining sponsorship for school crossing patrols, and commented that recommendation 4 of the report would need to be considered by Cabinet in relation to part of the resolution passed on 15 October 2013..

16.3 There was a concern expressed that it may be possible to secure sponsors in the short term, but there was no long term security in sponsoring school crossing patrols. In addition, the cost of securing sponsorship (in terms of the time and effort involved) may outweigh the any savings that are made.

16.4 The Director of Communities, Economy and Transport commented that the use of sponsorship (and other forms of alternative funding) may be something that the Council will need consider in future, bearing in mind the financial outlook for 2016/17 and beyond.

16.5 The Committee agreed to send the report to Cabinet on the 11 November 2014.

16.6 RESOLVED: - It was resolved to send the report to Cabinet for consideration on the 11 November 2014.

17. HIGHWAYS CONTRACT SCRUTINY REFERENCE GROUP REPORT

17.1 The Chair of the Scrutiny Committee introduced the report which outlines the work of the Highways Contract Scrutiny Reference Group. All members of the Committee have been involved with the work of the Reference Group, which has worked with officers to inform the re-procurement of the Highways contract.

17.2 The Assistant Director, Operations commented that the report was a fair reflection of the work of the Reference Group, and Committee members thanked officers for the quality of the presentations made to the Reference Group.

17.3 The Committee agreed to note the work of the Highways Contract Scrutiny Reference Group and to recommend a Board is established to comment on the Highways Contract detailed business case (DBC) before it is presented to Cabinet.

17.4 RESOLVED: - It was resolved to:

- 1) Note the report.
- 2) Establish a Board to comment on the Highways Contract detailed business case (DBC).

18 SCRUTINY WORK PROGRAMME

18.1 RESOLVED: To amend the scrutiny work programme to include the following items:

MEETING TO BE HELD ON 19 NOVEMBER 2014

Hydraulic Fracturing and Shale Gas Exploration in East Sussex

A discussion of shale gas exploration and hydraulic fracturing (also known as Fracking) to establish a factual information base of the implications, and likely impacts of, shale gas exploration in East Sussex.

Safer Streets

A report on the Safer Streets initiative led by the Public Health department, which links to the Killed and Seriously Injured (KSI) performance targets and wider road safety issues. (Please note this item may be moved to the March 2015 meeting to allow sufficient time for the other items on the agenda to be discussed at the November meeting).

Passenger Transport Strategic Commissioning

A report on the results of the consultation on the proposals for the re-commissioning of the supported bus network.

Reconciling Policy, Performance and Resources (RPPR).

The Committee will look in detail at the emerging portfolio plan and examine information requested at the meeting held in September before discussing the budget at the December RPPR Board meeting.

MEETING TO BE HELD ON 18 MARCH 2015

Reconciling Policy, Performance and Resources (RPPR).

The Committee will review their input into the RPPR process, and make recommendations for improvements for the future RPP&R process.

Dutch Elm Disease Strategy Update.

A monitoring report to review how well the 'prioritised approach' strategy, endorsed by the Scrutiny Committee in March 2013, is working.

POTENTIAL FUTURE ITEMS

18.2 The Committee discussed the following as subject as a potential future item for inclusion in the work programme:

A27 Improvements

The department is in discussion with the Highways Agency and businesses about improvements to the A27 between Lewes and Polegate. The Council is lobbying for this section of road to be made into a dual carriageway and the Highways Agency is testing a number of options. A briefing report could be brought to the Scrutiny Committee at a future meeting to provide more detail on the proposals.

19. FORWARD PLAN

19.1 The Committee considered the Forward Plan for the period 1 September 2014 to 16 December 2014. Members were reminded of the need to monitor the Forward Plan when published online to identify any queries or concerns early. Requests for information should be raised with the listed contact officer, and any scrutiny issues with the Members Services Manager.

20. URGENT ITEMS

20.1 No urgent items were raised for discussion.

21. NEXT MEETING

21.1 The meeting ended at 12:59 pm.

The next meeting of the Committee will be held on Wednesday 19 November 2014.

COUNCILLOR RICHARD STOGDON
CHAIR