

Budget and Priorities Engagement Meeting with Business Representatives – 29 January 2018

Members and officers met with Team East Sussex (TES) business representatives to share East Sussex County Council's (ESCC) spending and savings plans for 2018/19 and the financial, demographic, geographic and economic context directing the proposals put forward. ESCC is grateful to all business representatives for taking the time to attend. The feedback and comments provided identified opportunities for continued joint working to enhance and improve East Sussex for businesses and residents, and will inform Members' decisions in the final stage of the budget setting process.

The discussion in the meeting focused on the following points:

- The plans to move to increased Business Rates Retention (BRR) to fund Local Government and the challenges this would bring for East Sussex were discussed. The challenges were that Business Rates growth in the county was insufficient to fund growing demand on services and opportunities for growth of property based businesses to increase income were limited by the geography and infrastructure of the county. It was noted that the 100% BRR pilots planned for 2018/19 would reduce the overall pot of Business Rates to be redistributed to Authorities.
- Extensive lobbying had been undertaken by the Council and with local, regional and national partners. It was agreed that joint lobbying to demonstrate the particular needs of East Sussex, the challenges that increased BRR would bring and the activities/ funding/ investment required to enable the County to reach its full potential was required as a priority. ESCC would circulate materials on the priority needs of the county to aid lobbying activities.
- With such a challenging financial outlook, longer term plans and opportunities for the Council were discussed. The reality was that if revenue remained at current levels while demand and costs increased, soon the Council would lack the capacity to provide much more than reactive services for the most vulnerable residents. Longer term planning was complicated by uncertainty around availability of future resources and Government's approaches to funding key services such as Adult Social Care. To make the best use of remaining resources, the Council continued to prioritise change programmes (such as East Sussex Better Together) to reduce demand; and partnership working to take advantage of any opportunities to work more effectively/ efficiently (for example, building stronger ties with local universities to utilise their skills and knowledge). However, a number of factors remained outside ESCC's control, including growth in demand (such as in the number of vulnerable children in the county) and Central Government decisions about funding levels. The Council needed, and had lobbied for, freedom to take innovative approaches to maintain service delivery for the future, such as introducing minor charges and means-testing for certain universal services.
- It was confirmed that driving economic growth remained one of the Council's corporate priorities, and was key to increasing residents' economic security, improving health and wellbeing and reducing demand on services. It was acknowledged that availability of arts and culture was also closely linked to health and wellbeing.
- Approaches to solving the long-known challenge of growing the Small and Medium Enterprises that formed the bedrock of the local economy were

discussed. There were promising signs of growth in parts of the economy, particularly in commercial rent and B1 category business space (offices, research and development, light industry) and it was recommended that development on brownfield land would generate further growth. It was acknowledged that investment through effectively directing Local Enterprise Partnerships (LEP) funding was already delivering and had improved the viability of East Sussex for development. The Council and LEPs would continue to work with businesses to enable further development.

- The need to take a strategic and joined-up approach to opening up land for new housing and employment space was discussed. It was noted that Transport for the South East, a Sub-National Transport Body chaired by Councillor Keith Glazier, had been established to improve strategic transport and open up areas for development in East Sussex and the wider South East region.
- There remained a general consensus that improving the county's strategic infrastructure was key to delivering economic growth. Significant improvements had been made, and it was suggested that more could be done to communicate to businesses the high speed and availability of broadband in the county. ESCC would continue to work with TES to improve the image of East Sussex as a place to do business.
- Opportunities for East Sussex generated by Central Government policy (including the £2.7bn Housing Infrastructure Fund (HIF) allocation announced in the Autumn Budget, the Hastings Opportunity Area scheme, the Industrial Strategy White Paper, and focus on increasing house-building) were discussed. It was acknowledged that access to the HIF may be limited, as funding bids were oversubscribed and half the funding was ring-fenced for cities, but that the Council and TES would work to enhance and promote any East Sussex bids. ESCC was actively engaging with relevant partners to take advantage of opportunities generated by publication of the Industrial Strategy White Paper. It was acknowledged that the Hastings Opportunity Area scheme and announcement of 'Now Teach' in Hastings were important opportunities for the area.
- Opportunities for increasing the Council's income were discussed, including borrowing to invest. ESCC was developing a Property and Asset Investment Strategy which would look at opportunities to borrow for prudential investments, within the Government's current guidelines. Changes had also been made to improve the return on investment. In partnership with East Sussex Borough and District Councils, the Council would be undertaking a Local Government Association Peer Review into commercialisation to look at how all Authorities' income generation and commercial activity could be enhanced. However, it was understood that the level of income that could be generated through investment and commercial activity was limited and insufficient to cover ESCC's funding gap.
- The relationship between the Council and local businesses was discussed, particularly the importance of ensuring the Council's procurement process sufficiently accounted for the benefit of supporting local businesses. It was noted that social value formed an integral part of the Council's procurement process and ESCC welcomed suggestions for how the process could be improved for local businesses.