

ECONOMY, TRANSPORT AND ENVIRONMENT SCRUTINY COMMITTEE

MINUTES of a meeting of the Economy, Transport and Environment Scrutiny Committee held at CC2 - County Hall, Lewes on 14 March 2018.

PRESENT	Councillors Richard Stogdon (Chair) Councillors Godfrey Daniel, Simon Elford, Darren Grover, Pat Rodohan, Jim Sheppard (substituting for Councillor Claire Dowling) and Barry Taylor
LEAD MEMBERS	Councillor Rupert Simmons, Lead Member for Economy
ALSO PRESENT	Rupert Clubb, Director of Communities, Economy and Transport James Harris, Assistant Director, Economy Nick Skelton, Assistant Director Communities Katy Thomas, Team Manager Economic Development Richard Dawson, Head of Economic Development, Skills and Infrastructure Martin Jenks, Senior Democratic Services Advisor

34 MINUTES OF THE MEETING HELD ON 22 NOVEMBER 2017

34.1 The Committee RESOLVED to agree as a correct record the minutes of the meeting held on 22 November 2017.

35 APOLOGIES FOR ABSENCE

35.1 Apologies for absence were received from Councillor Claire Dowling, with Councillor Sheppard substituting for Councillor Dowling.

35.2 Apologies for absence were also received from Councillor Nick Bennett, Lead Member for Transport and Environment; Councillor Bill Bentley, Lead Member for Communities and Safety; and Karl Taylor, Assistant Director, Operations.

36 DISCLOSURES OF INTERESTS

36.1 There were none.

37 URGENT ITEMS

37.1 A request was received from the Joint Waste and Recycling Committee to make a decision under special urgency arrangements.

38.1 The Team Manager Economic Development introduced the report which outlines the progress in implementing the recommendations of the Scrutiny Review. Some of the actions to implement the recommendations are dependent on the completion of Contract 2 and the commencement of Contract 3 of the Broadband Project. There has been some delay in responding to the recommendations of the Scrutiny Review due to long term staff sickness within the Broadband Team but this is now resolved.

38.2 The Scrutiny Review particularly asked the Broadband Team to look at communications and information. An information pack for Councillors has been developed and will be circulated to all Members. The Broadband Team have also revised and revamped the web site which will go live shortly. It will contain information on the project at property level rather than just at post code level. This will provide greater detail and provide further information on where businesses and residents are in the delivery plans for the project roll out.

Project Progress

38.3 The Team Manager Economic Development outlined the project progress to date. The coverage in East Sussex is currently 96% of premises have access to superfast broadband, which provides speeds of 24 Megabits per second (Mbps) or above. The take up of superfast services is just short of 50%, compared with a national average of 20% for similar broadband projects. The current Contract 2 will complete in December 2018.

38.4 Contract 3 has been let and will survey all properties that do not yet have access to superfast broadband before work commences in January 2019. This means the Broadband Team will know where work is going to take place and will also be clear about areas not covered and which will need further support. The Assistant Director Economy commented that the Team will be in a position in December 2018 to be able to say which premises will be included and when they will be worked on. The work included in Contract 3 will finish at the end of March 2020.

38.5 The Director of Communities, Economy and Transport (CET) outlined that the procurement process for Contract 3 has been quite complicated and represents the first contract of this type nationally. It is not as constrained by the requirements of Broadband Delivery UK (BDUK) as the two previous contracts, but required the Department for Digital, Culture, Media and Sport (DCMS) to approve and assure the procurement process. The aim is to achieve 99% coverage for access to superfast broadband by the end of Contract 3.

38.6 The Committee asked if there will there be any money at end of Contract 3, generated by the higher levels of take up, which will be available to deal with 1% of premises that do not have access to superfast services. The Team Manager Economic Development responded that there may be some money available from the higher take up that can be reinvested in the project. In addition, Contract 3 has some of the best commercial terms that the DCMS have seen nationally. The Assistant Director Economy added that as the funding body, the Team want to ensure that East Sussex County Council (ESCC) is getting the most out of the funding it has in terms of value for money and achieving the project outcomes.

Scrutiny Review Recommendations

38.7 The Committee discussed the implementation of the recommendations of the Scrutiny Review. It complemented Officers on the regular updates Councillors receive which have been very good and helpful (Recommendation 1). The same information is also being sent to Parish Councils via the Sussex Association of Local Councils (Recommendation 1). The Chair drew the Committee's attention to the Councillor Information Pack which he had seen, which he considered to be an excellent piece of work that would assist Councillors in dealing with issues

related to the project (Recommendation 8). The re-designed web site will be available shortly, with enhanced features, to provide further information about the project (Recommendations 1 & 8).

38.8 The Committee noted that the implementation of actions in response to recommendations 2 to 5 are dependent on the completion of Contract 2 in December of 2018, and the delivery of Contract 3. It therefore requested a further update report on the implementation of these recommendations at an appropriate time, which is likely to be sometime in the first half of 2019.

38.9 The Committee asked in relation to Recommendation 5, if individuals or businesses could also privately fund superfast broadband provision. The Team Manager Economic Development responded that this was possible currently through schemes such as the Community Fibre Partnership and fibre on demand. The Broadband Team can send further information on these schemes to the Committee Members and Councillors upon request.

38.10 The Committee asked if the Broadband Team are team getting the same level of complaints and enquiries about the delivery of the project in terms of the information provided and problems with coverage. The Director of CET responded that the Team are not receiving the same level of complaint, but there are still some issues with the level of understanding about the project from some individuals. The Director also commented that he did not believe the information provided by the Broadband Team is leading to unrealistic expectations, but there may be a few individuals who still have unrealistic expectations.

38.11 The Committee commented that as Councillors they were receiving a much lower level of complaint or enquiry, and expectations about the project appear to be more realistic. The Assistant Director Economy added that there may also be fewer complaints as the project continues to roll out and coverage increases. However, there is still some level of concern, especially in areas where it has not yet been possible to provide access to superfast broadband. The Team will develop a communications plan to deal with expectations of the project when details of the delivery phase of Contract 3 are released, as there may be further issues at that time.

38.12 The Lead Member for Economy outlined that he and the Chief Executive have met with some of the Parishes where there are perceived concerns about the delivery of superfast services. It has been possible to convey that ESCC are committed to tackle their concerns, but this will be within the objectives and priorities of the Broadband Project, which remain unchanged. The vision is to have 99% superfast broadband coverage by end of 2020. The increased take up of superfast services is helping to fund further work and has created a huge efficiency.

Ultrafast broadband and local coverage issues

38.13 The Committee asked if ultrafast broadband provision has been an issue. The Assistant Director Economy responded that the Government focus so far had been in cities, especially for larger businesses, but is not an issue for East Sussex at present. The Director of CET outlined that the department have done some work on a local full fibre network pilot in partnership Mid Sussex Council.

38.14 The Team Manager Economic Development added that the Broadband Project is delivering ultrafast in rural communities through the use of Fibre to the Premises (FTTP) which can achieve speeds far in excess of superfast speeds of 24 Mbps. Some of the later properties to be given superfast access may have the fastest speeds due to the use of FTTP.

38.15 The Committee discussed a number of local issues. The Team Manager Economic Development confirmed that:

- Contract 2 is shortening the length of copper telephone cables across the county, but particularly in rural Rother, Lewes and Wealden, to improve broadband speeds despite residents being told by BT that this will not be undertaken.
- The Team are aware of perceived coverage issues in Chailey Common (New Heritage Way) and is seeing how best they can be tackled through Contract 2 or Contract 3.
- There are issues with Internet Service Providers (ISP's) leafleting general areas (e.g. Norton, near Bishopstone) where cabinets have been fibre enabled, but there are some properties within the postcode that will not benefit from increased speeds because they are too far away from the cabinet. The Broadband project will undertake work to reduce the length of copper cabling or look at alternatives such as FTTP to improve speeds in such areas where applicable. However, the Project cannot tackle the issue of ISP's giving out incorrect information. ISP's should tell potential subscribers what actual speeds they will get before accepting an order. If they are not doing so, it could be issue for Trading Standards or the regulator. Residents should be advised to check the actual speeds they will get from their ISP before placing an order.
- The Ashdown Forest area, including the Forest Centre, is likely to be in scope for Contract 3. The Team Manager Economic Development will confirm if it is included in Contract 3, subject to survey.

Summary Comments

38.16 Officers commented that they had found the Scrutiny Review positive, helpful, and welcomed any feedback from Councillors on the Information Pack and the new website. The Committee thanked Officers for their work on implementing the recommendations of the Review and their continuing work to deliver the Broadband Project.

38.17 The Committee RESOLVED to note the progress that had been made on implementing the recommendations of the Scrutiny Review and requested a further update report at an appropriate time during 2019.

39 CATALYSING STALLED SITES (CASS)

39.1 The Head of Economic Development, Skills and Infrastructure introduced the report. ESCC provided the Catalysing Stalled Sites (CaSS) funding during 2015/16 to unlock stalled housing and employment development sites through a £915,000 capital programme. It is intended to help overcome viability issues on development land such as access, flooding, contaminated land, environmental issues and pre-site development work.

39.2 To date 40% of the funding has been awarded, and the programme continues to be promoted through various business networks. The continuation of the CaSS fund is important for housing and commercial development projects and to develop a pipeline of projects for funding by the Local Enterprise Partnerships (LEP's) and other funding streams. Often CaSS funding is a stepping stone to obtain greater private sector or public sector funding for sites which might not otherwise be developed. The CaSS programme may also be able to support aspects of the developing ESCC Property Asset Disposal and Investment Strategy.

39.3 The CaSS programme has received 26 applications so far, and the programme is getting more support from the various business networks ESCC works with. There have been successes such as the Ivyhouse Lane pre-development cost funding. In addition, this scheme has applied through the ESCC grants and loans panel to develop 20 business incubation unit

work spaces. Some of schemes that the CaSS programme has funded, have not proceeded for reasons such as:

- Site owners choosing not to proceed;
- Site owners going out of business, leaving the premises or a change in site ownership;
- Applicants failed to acquire premise/site and/or planning issues or demand not evidenced; and
- Funding being obtained from other sources to progress the scheme (e.g. an Eastbourne housing development).

39.4 The Assistant Director Economy outlined that the CaSS programme is a relatively new fund and is targeted at developing a pipeline of projects to attract further funding from LEP's. The CaSS programme is used to establish scheme viability. So far it has been possible to attract £110 million of additional funding through the creation of detailed business cases and the submission of bids to LEP's.

39.5 The Committee commented that the initial name of the programme (CaSS) is confusing, but changing the name to Scheme Enabling Fund (SEF) might be equally confusing. After some discussion, the Committee recommended that the programme name be changed to "Stalled Sites Fund", but noted that the name is not as important as making sure the intended outcomes of the programme are achieved.

39.6 The Committee commented that the programme was a good example of pump priming and asked how the programme is promoted. The Assistant Director Economy explained that the programme is promoted through the businesses networks such as Let's Do Business Group, Team East Sussex, Developers East Sussex, Locate East Sussex, Borough and District Councils, county council property colleagues and the Business East Sussex (BES) Growth Hub that ESCC is involved with. The Committee asked if there are ways the programme could seek the repayment of funding from schemes that were judged to be feasible, but do not go on to be developed. The Assistant Director Economy outlined that sometimes the situation with individual schemes is very complicated, but the Team will look at ways to recover and re-invest funding where possible.

39.7 The Lead Member for Economy explained that the CaSS programme funds are allocated through an experienced grants and loans panel made up of ESCC Councillors and other professionals, who undertake a detailed analysis of the business cases. Sea Change Sussex has successfully developed business cases to secure Growth Deal funding from LEP to bring forward sites for development. This investment has also attracted private investment which has created quality employment opportunities in East Sussex.

39.8 The Committee asked how much staff resource is involved in supporting the CaSS programme. The Assistant Director Economy outlined that the grants and loans panel is supported by two officers, who work on the CaSS programme as well as other programmes such as East Sussex Invest, Incubator Units and the Upgrading Empty Property Fund. In total these officers administer programmes worth around £2 million, with staff costs paid for out of the capital budgets.

39.9 The Committee commented that it was a really interesting report and would like a further update on the programme at some point in time in the future. It was agreed that an update briefing paper would be circulated to the Committee in around a twelve months time.

39.10 The Committee RESOLVED to:

- 1) note the report;
- 2) request an update briefing paper on the programme be circulated to the Committee in about twelve months time; and
- 3) recommend that the name of the CaSS programme is changed to the "Stalled Sites Fund".

40 RECONCILING POLICY, PERFORMANCE AND RESOURCES (RPPR) 2018/19

40.1 The Director of CET introduced the report and outlined that it was the Committee's opportunity to reflect on the RPPR process and examine the future financial constraints on the Council. He referred to a recent presentation he had given to the Sussex Association of Local Councils, and the Committee asked if it was possible to go through the presentation outlining the financial challenges facing the Council.

40.2 The key points in the presentation were as follows:

- The elderly population in East Sussex is increasing and the working age population is going to decline, which has a bearing on the demand for services. In the local economy, productivity is low in terms of Gross Value Added (GVA). Although there are some successes, there are fewer businesses in East Sussex. Full time earnings are lower than elsewhere in the South East.
- The Rate Support Grant (RSG) received from central Government will be zero by 2020. The income from Business rates is static. So the only way to increase the Council's income is by raising Council tax. Even so, the demand on services will create a funding gap of around £100million.
- Business rate retention is not going to be the solution. To fill the funding gap will require a 23% increase in Business rates income, or a 12.99% increase in Council Tax, or 13,640 new homes to be built to increase the Council Tax base.
- In reality there is likely to be no business rate growth, a cap on Council tax increases of 5.99%, and only 1,400 new homes were built in 2016/7. Although predicting housing growth for future years is difficult, both Hastings and Eastbourne have constraints so most development is likely to be in Lewes, Wealden and Rother. House building is slow and requires the necessary infrastructure. It is unlikely house building will reach the numbers needed to fill the funding gap.
- So the financial picture is one of reduced income and unfunded cost increases (e.g. extended Special Educational Needs and Disabilities (SEND) support; national dispersal scheme for unaccompanied Asylum seeking children; inflation; minimum wage increases; apprenticeship levy etc.). The Council cannot match the demand for services with the funding it has available. So therefore it needs to make further savings. ESCC is not the only local authority in this position.
- The journey ESCC has taken so far between 2010 and 2013 is that it has made £14.4 million savings; between 2013 and 2016 £64 million savings; and between 2016 and 2021 it will need to make a further £75 million to £85 million in savings.
- The Council's budget has reduced by £112million in last 8 years, and has a savings requirement of £17 million in 2018/19, £12 million in 2019/20 and £19 million in 2020/21. The Council is projected to have made savings of £159 million over 11 years, but will still have net budget of £370 million for 2018/19.

40.3 The CET department has used a commissioning approach to focus available resources on needs and plans to save £1.9 million in 2018/19. The savings plan for 2018/19 for CET includes Waste, Libraries and Grass cutting. Scrutiny input will be really important going forward, as well as managing public expectations of the services that the department can provide. There are opportunities for partnership working, such as with community run libraries, which may become more important.

40.4 The Committee asked what the CET share of the savings required was likely to be. The Director of CET responded that the CET proportion of savings would be around £1.5 million - £2 million of the Council total of £12million in 2019/20 and a similar amount in 2020/21. Over past 11 years CET has saved around £25 million of its budget.

RPPR Process

40.5 The Committee discussed the RPPR budget setting process for 2018/19. It was uncomfortable with the approach where public consultation on savings proposal takes place after the budget setting meetings in January and February. The Committee felt that this may lead to mistrust by the public and it would be better to consult on savings, where public engagement is needed, before the budget is agreed.

40.6 The Director of CET commented that the savings proposal had been publicised well in advance through the three year Medium Term Financial Plan. It is important to agree a framework for making savings and then consult when more detail is needed. The Assistant Director Communities added that there is also an issue of having sufficient time to do a proper evaluation of need where services are being re-commissioned.

40.7 The Lead Member for Economy commented that the Council is limited by statutory duties and constrained by the reduced officer resource available. There is a limited number of officers available for research and analysis, which has an impact on the ability to develop proposals and consult in a timely way. The RPPR process has been good at engaging with community and limiting the impact on services. However, the Lead Member is not sure the Council can undertake the process any faster than it has been able to.

40.8 The Committee noted that the central objective must be for the County Council to properly and fully explain the serious financial challenges faced by the County Council and to gain public support and understanding of the extent of the problems giving rise to financial pressures. The Committee was not convinced that everyone is aware of just how serious the financial position is for the Council, and the legal requirement to agree a balanced budget. The Stand Up for East Sussex campaign needs to show this is not just about savings, but also the longer term impacts the savings are going to have on services. The Director of CET commented that the key point is that the amount of grant coming from central Government is reducing and the Council needs a better financial settlement mechanism.

40.9 The Committee highlighted one of the findings from the Libraries Scrutiny Review Board that retaining sufficient capacity to support communities to help themselves is really important. The Council needs to retain this capability if it is going to be asking communities to provide more functions for themselves. The Assistant Director Communities added that in the context of Libraries Strategy volunteers also need continued support, which is why the Strategy is funding a Volunteer Officer post.

40.10 The Committee discussed whether starting scrutiny work earlier on the savings proposals would have helped the RPPR process. The Director of CET commented that it would be helpful to get scrutiny engagement as early as possible and would welcome a Scrutiny Review Board to start looking at future savings. The Committee agreed that it would like to establish a Scrutiny Review Board to start work earlier on the RPPR process and asked what areas of work Scrutiny could engage in, based on what Cabinet or the department have in mind for further savings. The Director of CET stated that he can give indication of the areas that savings are likely to come from at a meeting of the Review Board. The task will be to look at what it is possible to take out of the CET budgets departmentally and weigh up the risks to service users.

40.11 The Committee Resolved to:

- 1) Establish a RPPR Scrutiny Review Board to start to examine the budget savings required for 2019/20 which will meet initially on 14 June 2018 to start process.
- 2) Recommend that when considering savings sufficient officer capacity is retained to support community organisations who may wish to take over the provision of services in line with the corporate priorities.
- 3) Recommend that public consultation on savings proposals are undertaken earlier, where public engagement is necessary, so that the results are known before budget setting meetings in January (Cabinet) and February (Full Council).

41 SCRUTINY COMMITTEE FUTURE WORK PROGRAMME

41.1 The Committee discussed the items on the work programme; any additions in relation to the reports considered above; and the Committee's previous work on the Waste Disposal Service and the Countryside Access Strategy. The Committee noted that the proposed changes to Scrutiny arrangements within the Council, which will be considered by the Governance Committee at the meeting on 19 March 2018 and Full Council at the meeting on 27 March 2018. It is intended that the outstanding items in Committee's current work programme will be carried forward into the revised Scrutiny Committee arrangements.

41.2 The Committee RESOLVED to agree the following changes to the work programme which will be carried forward into the revised Scrutiny Committee arrangements.

- RPPR – The Committee agreed to establish a Scrutiny Review Board to start considering the savings options for 2019/20, which will meet initially on the 14 June 2018 (minute 40.11 above).
- Dropped Kerbs – The update report on the provision of dropped kerbs will be considered at the meeting on 14 June 2018.
- East Sussex Road Safety Programme – This report will now be considered at the meeting on 13 September 2018 to allow more time for the completion and analysis of the pilot projects.
- Scrutiny Review of Broadband – the next update report on the implementation of the recommendations of the Scrutiny Review will be at an appropriate time in 2019 (minute 38.17 above). This is to allow for the completion of the project milestones linked to the recommendations of the review.
- The Waste Review Board will reconvene to consider the outcomes of the public consultation before a report is presented to Cabinet in June 2018.
- Countryside Access Strategy – The Committee would like to review the proposals for the management of countryside sites before a decision is made by the Lead Member for Transport and Environment later in 2018/19. It was agreed to reconvene a Scrutiny Review Board to examine the proposals and provide comments to the Lead Member as appropriate.

42 FORWARD PLAN

42.1 The Committee RESOLVED to note the Forward Plan.

43 ANY OTHER ITEMS PREVIOUSLY NOTIFIED UNDER AGENDA ITEM 4

43.1 The Committee RESOLVED to agree the request from the Joint Waste & Recycling Committee consider a report as a “Special Urgent Decision” at the meeting on 6 April 2018.

The meeting ended at 12.10 pm.

Councillor Richard Stogdon
Chair