

## ECONOMY, TRANSPORT AND ENVIRONMENT SCRUTINY COMMITTEE

MINUTES of a meeting of the Economy, Transport and Environment Scrutiny Committee held at Committee Room, County Hall, Lewes on 9 November 2016.

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PRESENT	Councillors Richard Stogdon (Chair), Mike Pursglove (Vice Chair), Claire Dowling, Pat Rodohan, Judy Rogers, Rosalyn St. Pierre and Barry Taylor
LEAD MEMBERS	Councillors Chris Dowling, Carl Maynard and Rupert Simmons
ALSO PRESENT	Rupert Clubb, Director of Communities, Economy and Transport James Harris, Assistant Director, Economy Nick Skelton, Assistant Director Communities Karl Taylor, Assistant Director Operations Carl Valentine, Head of Transport & Operational Services Justin Foster, Waste Team Manager Jonathan Wheeler, Team Manager, Strategic Economic Infrastructure  Councillor David Elkin, Lead Member for Resources  Martin Jenks, Senior Democratic Services Advisor

### 20 MINUTES OF THE MEETING HELD ON 14 SEPTEMBER 2016

20.1 The Committee RESOLVED to agree as a correct record the minutes of the meeting held on 14 September 2016.

### 21 APOLOGIES FOR ABSENCE

21.1 There were no apologies for absence.

### 22 DISCLOSURES OF INTERESTS

22.1 There no disclosures of interests.

### 23 URGENT ITEMS

23.1 There were none.

### 24 REPORTS

24.1 Reports referred to in the minutes below can be found in the minute book.

## 25 RECONCILING POLICY, PERFORMANCE AND RESOURCES (RPPR) 2017/18

25.1 The Director of Communities, Economy and Transport (CET) introduced the report. Since the Committee discussed the savings identified in the medium term financial plan at the September meeting, additional savings have been identified for 2017/18. The Autumn Statement on the budget settlement for Local Authorities is expected on 23 November. The purpose of this report is to provide the Committee with an opportunity to examine the additional savings outlined in the October Cabinet report; suggest alternative areas of search for savings and; identify any further information needed in preparation for the RPPR Board in December.

### Allocation of Additional Savings to the Communities, Economy and Transport department (CET)

25.2 The Committee noted that CET has an additional savings target of £537,000 in 2017/18 and £825,000 in 2018/19, and asked whether the share of additional savings burden had been fairly allocated.

25.3 The Director of CET responded that the financial pressures on services in Adult Social Care and Children's Services are huge. The Council is a corporate organisation and therefore has to act in that manner. The Director views the allocation of additional savings for CET as fair, bearing in mind the overall context of the savings requirement for whole the organisation.

25.4 The Committee commented that although the savings allocation may appear fair, roads and other services that CET provides are as important to residents as the services other departments provide. Everybody uses East Sussex's roads, which support the provision of other services and Council priorities such as the local economy. Year on year, the department has had to find further cuts. The Committee considers the approach to savings is fundamentally wrong where the quality of the Council's assets are degraded leading to a long term negative effect.

25.6 The Director of CET responded that there had been a recognition of the importance of roads through the additional capital funding that has been allocated to highways.

25.7 The Lead Member for Economy outlined that representations had been made either directly to Government, or through the Local Government Association, about the punitive financial settlement for East Sussex. The 'One Council' Policy was agreed in 2013, which set out The Council's corporate priorities. Investment in education is important for the local economy, as is protecting the vulnerable.

25.8 While it may be suggested that all departments are of equal importance, the Committee is uncomfortable with an approach to cost cutting, which fails to recognise the underlying importance of the County Council's road network to every activity carried out by the Council on behalf of East Sussex residents. Year on year cost cutting in relation to the work done by the County's Highways operation has significant long term implications, best illustrated by what has happened in the past in relation to the long term deterioration of County Council's drainage network.

25.9 The Lead Member for Transport and Environment commented that the majority other departments' savings have been planned for 2017/18 and not 2018/19. He acknowledged that CET's services are very visible to all residents and that CET has probably become leaner sooner than other departments. It may be that CET can make the case that it has been quicker to prune back expenditure and adopt a commissioning approach to services whilst minimising the impact on residents. However, all other departments have taken their cuts and the organisation does not want to take a 'silo' approach to savings. CET has got further capital investment for roads and the Council needs to manage public expectations about the condition of the road network. It is important to be honest with members of public about the state of the Council's finances.

25.10 The Committee made clear that it was not criticising the work the department does or the degree of commitment of its staff. The Gradual erosion of expenditure year on year will degrade the asset the department manages. If the Council degrades this asset then it undermines the functioning of other services that rely on decent roads and other services CET provides. The Committee believes savings targets are having a disproportionate effect on CET and maintenance of key assets. The allocation of savings and their cumulative effect needs to be considered in the long term.

25.11 The Director of CET welcomed the support of the Committee for the services that CET provides. However, the department recognises need to make savings and support other service departments.

### Transport Plan

25.12 One of the Committee members commented that they had the impression that there was no overall coherent transport plan. The Director of CET replied that the Local Transport Plan (LTP), Transport Asset Management Plan, and work with the Local Economic Partnership (LEP) all aim to take a more strategic approach. The department does not have responsibility for rail transport, but will lobby via Lead Member for improvements (e.g. the reinstatement of the rail line between Lewes and Uckfield).

25.13 The Lead Member for Economy added that the Council has made representations to the Secretary of State and met with the Govia senior management team, to talk about rail services in East Sussex and impact the disruption was having on the economy. The Council does have a rail strategy and is working with all strategic partners. The first priority is the Hastings and Bexhill HS1 link, and the second priority is the improvement of the Uckfield line. Infrastructure improvements have been made to extend the platform and the car park at Uckfield station. The Council is also advancing the case for the Lewes to Uckfield line re-instatement. Priorities have been set for road improvements that include the A21, the Queensway Gateway Road (formerly known as Baldslow link) in Hastings, the A27 and the Newhaven Harbour Port Access Road.

### Savings Plan

25.14 The Committee discussed the savings plan in appendix 1 of the report and the points raised in the discussion are summarised below.

#### Waste Disposal

- The Committee asked for clarification of the sentence “If risks occur and have a permanent effect on the revenue budget, there would need to be a matching increase to the base budget”. The Director of CET replied that should a risk occur, the requirement to move money into base budget will be dealt with by transferring money from the organisation’s reserves. He was confident that reserves are sufficient to cover this eventuality.

#### Waste Operations - Leachate Disposal

- The proposed savings can be achieved by a change in the way leachate is handled. It has not been possible to make savings earlier as the department needed to develop a new leachate waste handling facility first.

#### Waste Disposal Service

- The Committee asked how it was proposed to achieve the £800,000 saving in 2018/19. The Director of CET explained that as the waste contract is quite large (£28m for East Sussex) the proposed savings represented a small percentage of the overall contract value. The areas of savings and efficiencies being investigated include: better income share on energy generation; taking

commercial or other waste; working with Borough's and District Councils on recycling rates to reduce waste volumes; more efficient management of the Household Waste Recycling Sites and; how to generate further income.

- The Committee asked if accepting and charging for smaller amounts of commercial waste (i.e. less than the current one tonne minimum) was an income generating opportunity that may also lead to a reduction in fly tipping. The Waste Team Manager outlined that discussions had been held with the contractor about this subject. This type of waste tends to be bulky waste from small businesses such as building waste, and the contractor is not fully equipped to process this type of waste at the transfer stations. It is commercially more beneficial to deal with waste streams from larger contractors than small businesses.

#### Transport Hub

- The savings under the Transport Hub have been achieved by merging the two teams. The impact on staff will be minimal as the savings represent the final stages of these changes.

#### Rights of Way and Countryside Management

- The Assistant Director Operations confirmed that the £50,000 savings in 2017/18 related to the Countryside Access Strategy.

#### Grass Cutting.

- The Director of CET outlined that the current expenditure on highways grass cutting is £950,000 per year and there are opportunities to reduce this in consultation with Borough, District and Parish Councils. This may lead to a reduction in grass cutting, but it will not have impact on road safety and visibility splays. There is enough flexibility in the contract to allow Parish Councils to take over grass cutting, provided the organisation undertaking on work can do it safely (e.g. carry out traffic management requirements etc.).
- The Committee were concerned about impact on Borough Councils as they also have tough savings targets and there was the likelihood that the number of complaints will increase. It will also have a huge impact in rural areas, if 50% reductions in grass cutting go ahead.
- The Committee asked if these savings are deliverable. The Director of CET replied that the department will work carefully on these proposals and will need to test the appetite of other organisations in order to make the savings. Some tough choices may need to be made, which may lead to a reduction or ceasing of grass cutting in some areas. If communities feel strongly Parish Councils have the ability to raise a precept in order to undertake this work.
- The Committee requested that a progress report be brought back to them on this issue.

#### Planning Service Fees

- The Assistant Director Economy explained that there is a balance to be struck in deciding whether to introduce fees. The department does not want to dissuade development activity as this affects the local economy. The environment and conditions are such that there is now an opportunity to introduce appropriate charges for pre application advice on major schemes and ordinary watercourse consents.

## Trading Standards

- The Assistant Director Communities explained that the additional £62,000 of savings will be achieved from three sources:
  - Increases in income through Check a Trade and Trust Mark schemes;
  - Chargeable business advice. This includes bespoke training courses and one to one business advice (e.g. for catering and food production); and
  - Additional income for hosting the National Trading Standards Scams Team.
- The Committee understands that the National Scams Team are having difficulty recruiting staff to vacant posts and asked if officers are confident they can recruit to a full complement of staff. The Assistant Director Communities responded that the department has made adjustments to the recruitment and is confident it will be able to fill the vacant posts.

## Departmental Information (Appendix 2).

25.15 The Committee discussed the additional departmental information contained in the pie charts and tables in appendix 2. The main points raised are summarised below.

### Depreciation

- Depreciation has been excluded from the financial summary as the department has no control over it and it is essentially a revenue charge on capital borrowed. Finance calculate how much is charged to the CET budget. The Director of CET will ask Finance if they can provide an explanation of the way depreciation charges are calculated for the RPPR Board meeting.

### Communities

- Communities has a total of total 88 FTE (full time equivalent) staff, of which 20 are in the Road Safety Team. The gross budget is around £1m and also includes the Gypsy and Traveller Team and Emergency Planning.

### Transport Operations

- Transport Operations includes Waste, Rights of Way and Countryside Management, and the Parking team, as well as Transport. The savings appear relatively small due to the distortion created by the size of the Waste Contract. The Parking Management service covers all their staff costs with the income the service generates. The remaining staff costs in Transport Operations are funded from a number of different sources including, internal recharges and revenue funding.

### Economic Development

- The Economic Development Team's gross budget is £1,345,000 and the net budget is £766,000. The income comes from variety of sources including a number of capital projects where staff costs are charged. The revenue commitment for Economic Development is relatively modest, and has been cut in the past.
- The Economic Development and Skills team includes the Broadband team; Employability and Skills; the grants and loans programme; devolution; and EU funding. Work with the Local Economic Partnerships (LEP's) has secured £35m of capital investment to date.
- The Cultural Strategy budget is the cost of one post plus income. The Strategy covers cultural assets such as De La Warr Pavilion, Charleston House etc. and other tourist/visitor facilities.

- The Transport Monitoring team (which is part of Strategic Economic Infrastructure team) have adopted a commercial approach and is self- financing with 3.5 FTE posts.
- The Lead Member for Economy commented that the economy of county is important to every single resident and is therefore very important. Officers are doing a really important job and this should be recognised by the other Scrutiny Committees. The productivity of the 22.8 FTE staff is very good, and produces a remarkable return on investment to improve local economy and increase the business tax base.

25.16 The Committee asked if reducing the number of staff will be the next place to look for savings if the department is unable to achieve the additional savings. The Director of CET responded that the department will look to increase income first to offset a savings shortfall. It would then discuss the position corporately to identify other mitigation measures, if delivery of the savings targets looks at risk. The Director of CET added that for the department as a whole, around a third of the staff are funded from income or through capital budgets.

25.17 The Committee commented that the information that had been provided was helpful, but it would be useful to have a further breakdown of individual teams as this was not immediately obvious from the existing information. The Committee asked if it would be possible to provide this for the December RPPR Board.

25.18 The Committee RESOLVED to:

- 1) note the report;
- 2) request a further breakdown of the pie chart information to show individual service areas for the December RPPR Board; and
- 3) request a progress report on the proposed grass cutting savings.

## 26 WASTE PFI CONTRACT REPORT

26.1 The Assistant Director Operations introduced report. The report outlines two pieces of work on the Waste Contract. The first is the contract review undertaken by the Department for Environment, Food and Rural Affairs (DEFRA), which produced four key recommendations. The fourth recommendation of the DEFRA review was to carry out an in depth savings review of waste contract. The department has engaged Local Partnerships, which is joint venture between the Treasury and Local Government Association to carry out the in depth review of contract. This piece of work will conclude around February or March 2017. The intention is to bring back the outcomes of the review to the Economy, Transport and Environment (ETE) and Audit, Best Value and Community Services (ABVCS) Scrutiny Committees in June 2017.

26.2 The Committee discussed the recommendations of the report and concluded that it was preferable to await the completion of the Local Partnerships review before undertaking further scrutiny work. The Committee considered that having a joint Review Board would be preferable to each Committee looking at this matter individually.

26.3 The Lead Member for Transport and Environment supported this approach and commented that it would provide more continuity by reference to the May 2017 elections.

26.4 The Committee RESOLVED to:

- 1) Note the update on work with the Department for Environment Food & Rural Affairs (DEFRA) and Local Partnerships; and
- 2) Await completion of the work being undertaken with Local Partnerships on the Operational Savings Review before considering whether to undertake further scrutiny work jointly with the Audit, Best Value and Community Services (ABVCS) Scrutiny Committee.

## 27 A27 ROAD IMPROVEMENTS - UPDATE REPORT

27.1 The Team Manager, Strategic Economic Infrastructure introduced the report and explained the background to current proposals for the A27. The 2013 study of the A27 identified a number of road traffic hotspots and included an assessment of the options to deal with these problems. The outcomes of this study were published in 2014 and £75m of funding was allocated for small scale capacity improvement schemes. Improvement scheme proposals to address traffic problem hotspots around Selmeston, Berwick, Wilmington and Polegate are currently out for public consultation.

27.2 The A27 Reference Group has continued to lobby for a better 'off line' solution, and is looking to include proposals for housing and employment in a revised business case for the 'off line' solution. The preference of the A27 Reference Group is for an 'off line' dual carriageway road to be constructed to the north of the existing line of the A27.

27.3 The Committee discussed the proposals described in the report for small scale capacity improvements and longer term solutions to the congestion along the A27. The main points raised in the discussion are summarised below.

- The Director of CET explained that the off line dualling (construction of a dual carriageway) of the A 27 would not have access to side routes to improve travelling times and to improve safety and road performance. It would also address the negative impact on the north-south movement of traffic that was caused by the poor performance of A27 and the consequent re-assignment of routes as drivers try to find ways to avoid the congestion.
- Although the Committee welcomed any improvement to the A27, it considered that the small scale capacity improvements do not adequately deal with the problem.
- The majority of the Committee supported the off line dualling of the A27 as the best long term solution, especially in view of 9,000 to 10,000 additional new houses identified for construction in South Wealden. This would be the best option for the economy, to stop route diversion and improve road safety. The preferred solution would be to have the off line dual carriageway now rather than the smaller scale capacity improvements, which seem of little long term benefit.
- The Director of CET explained that the A27 Reference Group see the off line dualling of the A27 as the long term solution, but it will take around 10 years to deliver. The localised small scale capacity improvements will be delivered by 2020 and will deal with the problems the road has now. The department considers that the Drusillas roundabout and Polegate junction improvements deliver the most benefit. The Selmeston and Wilmington schemes do not offer much improvement or benefit.
- The department's view is to undertake the two smaller improvement schemes with the most benefit (Drusillas roundabout and Polegate junction) and then focus work on the longer term solution. The department considers that the plans for the additional South Wealden housing improves the business case for the off line dualling of the A27.
- One of the Committee members commented that many of the villages are opposed to the dual carriageway, but would support smaller improvements. Other Committee members supported the improvements to the Polegate junction and the Drusillas roundabout, but think village communities would benefit from a new road as it will reduce traffic going through them.

- The A27 will be overcapacity by 50% by 2021. If the off line solution is delivered, the existing A27 would be de-trunked. Communities along the route will benefit from reduced through traffic, reduced congestion, improved travel time and improved road safety. The Highways England (HE) estimated cost of an off line dual carriageway, including changes to the Cophall roundabout, is £410m.

27.4 The Lead Member for Economy stated that Team East Sussex and all District and Borough Councils see this as the highest priority for transport improvement. The business case is based on the value of connectivity, with a supplementary benefit to economy. Therefore, the A27 Reference Group is pursuing this through the Department for Transport rather than the Department for Business Innovation and Skills.

27.5 The Lead Member for Resources added that the A27 Reference Group is absolutely still fighting for an off line solution. All the local Members of Parliament are pressing for this longer term solution. In the meantime there is an opportunity for some small scale improvements, which will not affect business case for the longer off line solution. The off line solution also has the full support of South Downs National Park.

27.6 The Committee RESOLVED to note the progress that is being made by Highways England on their smaller scale proposals for the A27 between Lewes and Polegate, and for making the case for a more comprehensive offline solution that supports economic growth specifically in the Eastbourne/South Wealden areas as well as the rest of the county.

## 28 SCRUTINY COMMITTEE FUTURE WORK PROGRAMME

28.1 The Committee discussed the future work programme and agreed to move the Highways Drainage update report to June 2017 to allow time for the outcome of the capital programme review to be known.

28.2 The Committee also agreed to have a report on Climate Change Adaptation in March 2017; a report on the outcome of the Waste Contract review in June 2017 and; a progress report on the Grass Cutting savings in September 2017. The Assistant Director Operations is to confirm the timing for a report back to the Committee on the Countryside Access Strategy.

28.3 The Committee RESOLVED to amend the work programme as outlined in minute 28.1 and 28.2 above.

## 29 FORWARD PLAN

29.1 The Committee RESOLVED to note the Forward Plan.

## 30 ANY OTHER ITEMS PREVIOUSLY NOTIFIED UNDER AGENDA ITEM 4

30.1 There were none.

The meeting ended at 12.48 pm.

Councillor Richard Stogdon  
Chair