

OVERVIEW AND SCRUTINY COMMITTEE

15 October 2018

Minutes of the Overview and Scrutiny Committee held at the Town Hall, Bexhill-on-Sea on Monday 15 October 2018 at 6:30pm.

Committee Members present: Councillors P.N. Osborne (Chairman), M. Mooney (Vice-Chairman), J. Barnes, G.S. Browne, C.A. Clark, R.V. Elliston, J.M. Johnson (ex-officio) (in part), J. Potts, Mrs S.M. Prochak, G.F. Stevens and M.R. Watson.

Other Members present: Councillors Lord Ampthill, Mrs M.L. Barnes, K.P. Dixon, I.R. Hollidge, Mrs G.P. Johnson (in part) and Mrs E.M. Kirby-Green.

Advisory Officers present: Executive Director (MJ), Executive Director (AL), Assistant Director Resources, Financial Services Manager and Democratic Services Officer.

Also present: Katy Thomas, Team Manager, East Sussex County Council and 2 members of the public.

OSC18/24. **MINUTES**

The Chairman was authorised to sign the minutes of the meeting of the Overview and Scrutiny Committee held on 10 September 2018 as a correct record of the proceedings.

OSC18/25. **APOLOGIES**

Apologies for absence were received from Councillors S.H. Earl and S.D. Elford. The Chairman requested that the Committee's thoughts and best wishes were extended to Councillor Earl and his family at this time.

OSC18/26. **TECHNOLOGY AND INFRASTRUCTURE – PRESENTATION BY KATY THOMAS, ECONOMIC DEVELOPMENT SKILLS AND INFRASTRUCTURE SERVICE, EAST SUSSEX COUNTY COUNCIL** (5)

The Chairman welcomed Katy Thomas, Team Manager, Economic Development, East Sussex County Council (ESCC), to the meeting, who proceeded to give a presentation and general update on the roll-out of Superfast Broadband across the Rother district.

ESCC had appointed BT in 2013 as their delivery partner to roll out faster broadband over three years, until mid-2016. The £34m project was being funded by ESCC and central Government, through their delivery arm Broadband Delivery UK (BDUK) and BT was essentially an infrastructure investment programme. The project would bring faster, more reliable speeds and connectivity to areas not viable for private sector telecoms infrastructure providers. Since the completion

of project one in 2016, there had been two further contracts signed with BT, the third and final project due to commence at the end of 2018.

During the presentation the following key points were noted:

- initial Government targets for UK Superfast coverage were 90% by 2016 and 95% by 2017, with 100% access to 2mbps by 2015;
- as at 10 October 2018, the Rother District showed an overall Superfast coverage of 94% (24mbps+), previously 86% in April 2016. Superfast coverage for the UK overall was at 96% and for East Sussex 96.5%;
- contract three was scheduled to be completed by the end of March 2020 and was forecast to achieve 99% Superfast coverage across the county. Thereafter, schemes were to be put in place to reach those that had not already benefitted, with the aim to achieve 100% coverage;
- only fixed lines were dealt with, not mobile lines; and
- a postcode checker to identify service availability could be accessed via the project's website www.esussex.org together with further information and frequently asked questions about the project. The postcode checker initially provided connectivity information for the postcode as a whole, but had been progressed to a premises level, which contract three would use to identify gaps in the service.

Following the presentation, Members had an opportunity to put forward questions and the following points were noted during the discussion:

- business parks would be made a priority during contract three and Locate East Sussex would work with East Sussex Councillors to identify the location of parks across the county. Any further information provided by Rother District Councillors would also be useful;
- if connection to Superfast broadband was unavailable for premises due to full capacity being reached, BT Openreach would be required to increase the capacity. At the current time, contract one had almost reached full capacity;
- newly built homes and homes with a change of name often experienced a delay in connectivity. This was due to the system being unable to recognise the new information initially;
- properties were not always connected to their nearest street cabinet or they were too far away from their nearest cabinet to benefit from a fibre upgrade (speeds degrade over very long copper length from the fibre cabinet back to the home/business). In addition, the nearest cabinet to a premises could be fed in the wrong direction for the premises, so would not be effective;
- from 2021, Ofcom would enforce minimum broadband speeds;
- any addresses not recognised by the system had been due to a coding error and the system was due for an update at the end of October 2018. Anomalies would be corrected on an ongoing basis, as and when identified;
- Members requested that funding be kept back for those premises unable to gain access to Superfast broadband. It was explained that further schemes would be set up at the conclusion of contract

three to look at reaching those premises not covered by the final contract; and

- BT Openreach had started to work in partnership with developers building 30 or more properties to install an Openreach network across the site.

At the conclusion of the discussion, the Chairman thanked Katy Thomas for attending the meeting and for providing a comprehensive presentation.

RESOLVED: That the presentation be noted.

OSC18/27. **MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2023/24**
(6.1)

Members considered the report of the Executive Director which set out the initial forecast budget for 2019/20 and updated Medium Term Financial Strategy (MTFS) for the period 2019/20 to 2023/24. The report gave Members an early view of the Council's likely finances over the five year period, ahead of confirmation of Government funding and a number of other factors that would affect the Council's finances.

The Council would be following a new budget process, the first phase consisted of the MTFS, which set out the areas of budgetary pressure and estimated the size of the budget deficit over the next five years.

The second phase of the budget process would be the draft budget report to Cabinet in December 2018, which would bring forward a list of proposals over the next five years to ensure a balanced revenue budget.

The third phase would commence in January 2019, once the Government settlement had been announced. The proposed savings brought forward in December would need to be agreed and the Capital Strategy and Revised Capital Programme would be prepared and incorporated into the MTFS for approval by Cabinet and Full Council in February 2019.

The Committee's views were sought on the financial considerations outlined in the report to be reflected in the Council's MTFS and the following points were noted:

- Members were reminded that the Revenue Support Grant would cease in 2019/20. The Government had recently launched a prospectus that invited local authorities to submit proposals to pilot 75% business rates retention in 2019/20. Rother, as part of the East Sussex Business Rates Pool, had submitted an expression of interest to the Government, the advantage being that Rother would retain a greater share of any business rates growth, as currently only 50% was retained. Ahead of any decision, no provision had been made for additional income from the pilot 75% business rate retention scheme;
- **New Homes Bonus Grant** – it was noted that as the amount of funding was reducing, the five year forecast assumed that by 2021/22 there would be no reliance on this;

- **Homelessness Demands** – Rother had seen a significant increase in households presenting themselves as homeless to the Council. The Council's gross cost of providing emergency and temporary accommodation had risen from £0.261m in 2015/16 to £0.670m in 2017/18. It was predicted that the base revenue budget would have to increase by a further £72,000 (net of housing benefit) in 2019/20 based on the first six months of spending in 2018/19;
- **Waste Collection** – final tenders were due to be returned on 15 October and reported to the Joint Waste Committee on 30 November. Provision had been made in the previous MTFS for an increase in costs of £750,000; in addition, the Council would lose recycling credit payments in excess of £600,000 from East Sussex County Council under the proposed arrangements for dealing with recyclable material. A working assumption of an increase of £1.3m in contract costs was therefore required;
- **Staffing Costs** – Members had agreed a 2% pay increase for 2018/19 & 2019/20 (September). With upward inflation pressures there was a greater risk of pay settlements increasing. In 2019/20 for each 1% increase it was estimated to cost an additional £95,000, based on the current workforce. In addition, the annual staffing budget increased as officers progressed through their relevant payscale. There had also been an increase in the staff establishment on an invest-to-save basis to support the delivery of the Rother 2020 Programme. Overall the estimated budget for 2019/20 was £9,537,020 an increase of £364,960;
- The overall revenue budget position for 2019/20 had moved from that reported to Council in February 2018 taking account of the budget pressures detailed in the report and the changes to council tax, business rates and grant income. The total movement was £485,000;
- **Income Generation** – significant progress had been made; one site had been purchased and a further six sites were being progressed for decision by the Property Investment Panel. The income had been re-profiled in the MTFS and as sites were secured the forecast would be updated for the increased income;
- **Car Parking** – Civil Parking Enforcement (CPE) powers were expected to be adopted by April 2020 and the use of car parks was expected to increase as a result. Consideration was being given to any investment needs and increased maintenance requirements in car parks going forward. Based on recent parking usage, it was possible to increase the income budget by £250,000, but it was acknowledged that the charging structure for car parks would need to be reviewed as part of the introduction of CPE;
- **Council Tax** – the MTFS assumed that the Council would increase council tax to the maximum allowed before a referendum was required. The forecast applied a 2.99% increase which would see the council tax rise from its current £174.32 to £179.55 for 2019/20 and ultimately to £199.53 by 2023/24. This increase equated to additional annual income in the region of £0.200m per annum based on the 2018/19 taxbase. This was based on the council tax referendum principles proposed for local authorities of up to 3% or up to and including £5, whichever was the higher, above which a referendum would have to be held;

- **Lean and Demand** – almost £100,000 savings had been identified to date; it was planned that part of this saving would be achieved through a recruitment freeze as services were restructured;
- **Procurement** – Rother were members of the East Sussex Procurement Hub, hosted by Wealden District Council, the benefits being that the Council could engage in collaborative procurement arrangements with the other members and benefit from the economies of scale that arose;
- **Service Prioritisation** – given the scale of the financial deficit, it would be necessary over the coming financial year to consider the scope and number of services the Council provided. It was suggested that officers would carry out the initial assessment in order to understand where priorities lay and present proposals to Members during the autumn of 2019. This would enable Members to make informed decisions about the scope and number of services the Council provided;
- **Five Year Forecast** – the MTFS had been updated to show the financial forecast for the next five financial years. The forecast suggested that there would be a shortfall of £0.253m by 2023/24. The Council's usable reserves were expected to be £18m by the 31 March 2020. This excluded any use of reserves for capital. The current MTFS had estimated that £1.8m of reserves would be needed to support the revenue budget over the next five years. Due to the estimated increases in costs (in particular the new waste collection contract) outlined in the report, the latest forecast increased the use of reserves to £4.4m between 2019/20 and 2023/24. Given the expected total balance of reserves of £18.9m by the end of March 2019, this still could be accommodated if required;
- **Budget Consultation** – the Council was required to consult on its budget and council tax proposals with residents and local businesses and this was planned for between November and the end of December 2018. The outcome of the consultation would be reported to the Overview and Scrutiny Committee on the 28 January 2019. A draft consultation would be presented to Cabinet at their meeting on the 5 November 2018;
- announcements that had recently been made to lift the cap on councils' borrowing to provide additional housing applied only to authorities with Housing Revenue Accounts, which did not include Rother; and
- Members requested that officers provide an economic model of housing investment for the district as an addition to the recommendations to Cabinet.

The need to address the reduction in Government funding and balance this with the ambition to deliver the best services the Council could, along with the aim to continue to invest in the district, was a significant challenge. Despite many pressures, the Council had been able to deliver a balanced budget via sound financial management, which had been recognised by external auditors. With the level of reserves and a commitment to sensible borrowing, the Council had created an ability to invest in its area, transform the delivery of its services and find new ways of working to create a sustainable budget going into 2019/20. However, the report showed there was considerable work to be undertaken and difficult decisions inevitably needed to be made to achieve this.

RESOLVED: That it be recommended to Cabinet that:

- 1) the financial considerations considered in the report be reflected in the Council's Medium Term Financial Strategy;
- 2) the Council maintain its policy of maximising the annual increase in Council Tax within the Government's referendum limit; and
- 3) an economic model of housing investment for the district be provided as part of the budget setting process / Medium Term Financial Strategy.

OSC18/28. WORK PROGRAMME

(6.2)

Consideration was given to the Overview and Scrutiny Committee's (OSC) Work Programme.

Members requested an update on the new waste contract scheduled to commence in June 2019. The Executive Director advised that regular updates on the waste contract had and were being reported in the Members' Bulletin. The next meeting of the Joint Waste and Recycling Committee was scheduled to be held on 30 November 2018 at 3:00pm in the Council Chamber, Town Hall, Bexhill, where the new contract was being considered and recommended, subject to formal approval by Cabinet on 3 December 2018 and full Council on 17 December 2018. Members were encouraged to attend all meetings.

The Chairman of the Tourism Task and Finish Group reported that Members of the task group had agreed that the timing of the report to the OSC on 29 April 2019 (pre-election period) should remain.

RESOLVED: That the Work Programme, attached at Appendix A, be agreed.

CHAIRMAN

The meeting closed at 7:37pm

OSC181015/lh

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WORK PROGRAMME 2018 – 2019		
DATE OF MEETING	SUBJECT – MAIN ITEM (Capitalised)	Cabinet Portfolio Holder
26.11.18	ROTHER PUBLIC REALM STRATEGIC FRAMEWORK PROGRESS <ul style="list-style-type: none"> Performance Progress Report: Second Quarter 2018/19 Revenue Budget and Capital Programme Monitoring to September 2018 Housing Benefits Performance Update Council Tax Reduction Scheme Consultation Report 	Hart Amphill
28.01.19	DRAFT REVENUE BUDGET PROPOSALS 2019/20 KEY PERFORMANCE TARGETS 2019/20	Amphill Maynard
18.03.19	CRIME AND DISORDER COMMITTEE: TO RECEIVE A REPORT FROM THE COMMUNITY SAFETY PARTNERSHIP <ul style="list-style-type: none"> Performance Progress Report: Third Quarter 2018/19 Revenue Budget and Capital Programme Monitoring to January 2019 	Amphill Kirby-Green
29.04.19	TOURISM TASK AND FINISH GROUP REPORT <ul style="list-style-type: none"> Call-in and Urgency Procedures Draft Annual Report to Council Review of Task and Finish Groups / Outcomes 	Hart
ITEMS FOR CONSIDERATION		
<ul style="list-style-type: none"> Housing Allocations Policy 		