

Monday, 7 September 2015
at 6.00 pm



Scrutiny Committee

Present:-

Members: Councillor Smart (Chairman) Councillor Ungar (Deputy-Chairman)
Councillors Blakebrough, Murray, Rodohan, Sabri, Smethers and
Holt (as substitute for Miah)

5 Minutes of the meeting held on 1 June 2015.

The minutes of the meeting held on 1 June 2015 were submitted and approved and the Chairman was authorised to sign them as an accurate record.

6 Declarations of Disclosable Pecuniary Interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct.

There were none.

7 Devonshire Park - Review of findings.

The Committee debated this matter following a seminar where presentations were given to members on the overall project (by Graham Cook), the internal business case (by David Clarke Associates), and the economic impact (by Focus Consultants).

The committee commenced with a presentation from Philip Evans, Senior Head of Tourism and Enterprise, on the wider tourism benefits of the project and the significant additional social benefits of the improved facilities for visitors and residents alike.

Alan Osborne, Deputy Chief Executive gave a brief overview regarding the financing of the project covering the following areas:

- Currently the Devonshire Park Estate required a minimum investment of £10m just for repairs and maintenance to stand still. This would not lead to any business improvement
- Following the development of the site as proposed, it was anticipated that there would be a net increase in contribution of between £850k and £1m per annum, the scheme being approximately half of the council's forecast capital expenditure over the next 5 years
- As part of a cautious approach, increases in business rate retention and other potential 'fringe' benefits such as new homes bonus had not been included in assessing the business case
- The development would have an estimated 50yr lifecycle, with a 50yr capital repayment period being normal for a development of this nature.
- The Council holds assets of a much greater value than the amount of investment required some of which were potentially surplus – the

Council was currently undergoing an 'asset challenge' process and, as a result, there could be the potential for additional capital receipts to be used to assist the financing of the Council's overall capital financing requirement.

- A revenue allowance of £1m had already been set aside to compensate for inevitable revenue loss to the Council during the construction period of the project. The current medium term financial strategy provided a further £600k to support the councils capital financing requirement.
- The Public Works Loans Board was likely to be the most cost effective method of financing any additional borrowing.

Risks which could impact on cost were considered as:

- Project and client requirement changes to the specification
- Tenderer's concerns about project risk
- Market Risks associated with the demand/supply in the sector

Mitigations to these risks included:

- Potential for further development at the site in future
- Future changes to governance of the business on the site
- sale of the site or branding
- market testing and engagement with the supply side

The committee were advised that Capita would be reporting back on it's review of the business case and affordability and financing options in late September 2015. A copy of the Capita report would be provided for Members.

Members were advised by the Deputy Chief Executive that, whilst this was clearly the Council's largest planned capital scheme, it would not prevent the Council investing in other future capital schemes as part of the remaining capital programme. The Public Works Loans Board financing for the councils capital programme was available without condition and the Council was able to determine what it could afford and its ability to repay, with potential interest rates of between 3.4% and 3.8%.

Members were also advised that any loans could be 'serviced' from within the overall budget whilst the project was being completed, however, capital repayments could be deferred and capital receipts could be used to reduce initial borrowing such as to bridge the period between commencement of the project and full completion. At which point the full financial benefits of the development could start to be realised and resulting savings being diverted to the Capital Financing Budget.

In consideration of the merits of the overall project, and in particular the economic rationale, members noted, discussed and/or questioned consultants and officers on the following aspects drawn out from the presentations:

General points relating to the overall project

- There were opportunities to draw in additional partners to assist with future development for example the LTA and local University; the proposed branding exercise would make Eastbourne more attractive to a range of potential investors.
- The 'Ambassador' scheme would be adopted and implemented as an essential part of securing new conference business, particularly from Associations
- The Devonshire Park development would be seen as an anchor for the town and its impact on growth would be measured and recorded through regular bespoke surveys, and by monitoring visitor numbers
- The Council was working closely with some hoteliers to ensure there would be enough quality hotel stock to support the enhanced conference facilities. It was anticipated that this would drive investment and improvement across Eastbourne's hotel stock as the benefits of the new facilities became apparent
- Methods of measuring social impact should be considered as part of the assessment of the overall benefit to Eastbourne.

Key points relating to the economic rationale of the project

- David Clarke Associates estimated a £814k annual improvement once the project was completed. In response to a view that this appeared to be a very disappointing return on a £42m capital expenditure even if an estimated £10m expenditure is necessary repairs and refurbishment, the consultant's view was, although this was a relatively low rate of return for a project of this size, it was viable and, in their experience, other comparable projects with lower returns had been successful.
 - The committee was advised by the consultants that a £10m investment in the upkeep of the existing buildings on the site could not be avoided due to the Council's responsibilities for buildings with listed status. Such an investment would only enable the site to 'stand still' with its conference offer. This would not be sustainable in a declining market at this level. Thus, a key driver of the project is the transformation and elevation of the conference offer to generate significant improvements in conference income and associated catering revenues from this source.
 - It was generally felt that the proposed scheme was of an optimum size and design matching the economic rationale. The Director of Tourism and Enterprise stated that, whilst, the ideal would have been for a slightly larger development, anything smaller would not be economically viable and anything significantly larger would be overreaching the business potential of the site. Thus, the development was fully supported by staff in the Council's Tourism service delivery area.
 - The Committee was advised that a primary focus on Association conferences was important given the nature of the conference offer provided by the development and its geographical location
 - The consultants assured the committee that the location of the kitchen in relation to the Congress and the new Welcome building was suitable in respect of supporting the activities on the site
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- Focus Consultants estimated a £13.4m annual increased spend from visitors to Devonshire Park in the Eastbourne area. With conference

attendees projected to grow from 7,500 to 34,150, they contribute £9m of this increase or £342 per head, a figure supported by both sets of consultants.

Cabinet were invited to take into account the overall content and findings set out above when considering this matter. However, no specific recommendations in respect of the overall project detail or its economic rationale had arisen from this review.

8 Corporate Performance - Quarter 1 2015/16.

Members considered the report of the Deputy Chief Executive and Senior Head of Corporate Development and Governance updating Members on the Council's performance against Corporate Plan Priority actions, indicators and milestones for Quarter 1 2015/16.

The committee was advised that Appendix 1 to the report provided a detailed report on the 2015/16 activities and outturns of the performance indicators listed within the Corporate Plan.

Of the 25 Key Performance Indicators reported in the Corporate Plan this quarter, 3 were currently showing as Red, 10 were showing as Green, 6 were showing as Amber and 6 were data only or contextual PIs. The off target PIs are as follows:

- DE_011 – Number of reported fly-tipping incidents reported
- CS_010 Calls to 410000 answered within 30 seconds
- CL_017a Redoubt Visitors, Paying visitors

Members discussed:

Future Model programme – the new developing roles for staff.

Recycling and the Carbon Footprint – it was suggested that the Council engage with and encourage residents in increasing the recycling rates.

Fly tipping – the performance figures now included information from EHL, and the Council was undertaking prosecution and proactive enforcement action to reduce the number of incidents. The new 'Report it' app had contributed to the rise in cases; however they were being dealt with quickly and efficiently. Members queried whether the opening times of the ESCC waste collection site in St Philips Avenue contributed to the incidents in fly tipping (when the site was closed). The Senior Head of Community and EHL Director agreed to investigate and advise Members.

The report provided members with the provisional outturn results for the general fund, the housing revenue account (HRA) and capital programme for the year 2015/16. The Deputy Chief Executive indicated that in response to a query from the pre-agenda meeting an analysis would be provided to rationalise why the profiled budget and actual figures for Quarter 1 were significantly different from quarter of the annual totals.

RESOLVED: That the following be noted: 1) The performance against national and local Performance Indicators and Actions from the 2010/15 Corporate Plan (2014 refresh) 2) The General Fund, HRA and Collection

Fund financial performance for the quarter ended June 2015, as set out in sections 3 & 4. 3) The amended capital programme as set out in Appendix 3. 4) An exemption to the Council's contract procurement rules in relation to the appointment of agents and architect for the Seahouses Square project funded from Coastal Communities Grant and managed by EHL. 5) The Treasury Management performance as set out in section 7 of the report.

9 Scrutiny Annual Programme 2015/16.

The committee considered the draft Annual Programme, with particular reference to the additional items listed under 'Suggested Reviews'

Safe Walking and Safe Cycling Strategies – Members requested that four members of the committee be recommended for the consultation on the Safe Walking strategy. The committee agreed that this request be communicated to East Sussex County Council at the earliest opportunity.

Safer Policing – The committee agreed the inclusion of this review as stated and requested that an invitation to attend the committee in December, be sent to the District Commander and Police Crime Commissioner advising of the intention to conduct a review (referred to above) and asking for a presentation on the rationale and priorities for the financial challenges that have been given to the police, outlining what sort/kind of police force is envisaged emerging from the new model, and finally, how this would impact on Policing in Eastbourne.

Towner – The committee agreed the inclusion of this review and requested that it follow the model of the Devonshire Park Review considered prior to this committee. In addition, the committee requested that the Deputy Chief Executive and Towner Curator be invited as part of the preliminary presentations. The Towner Annual report and supporting background information would be provided in advance.

Highways England / A27 a presentation on the progress of the A27 improvements east of Lewes - The committee agreed the inclusion of this review. Members agreed that an investigation into the current situation should be undertaken by Councillor Holt in conjunction with the Local Democracy Officer, the results of which would inform the invitation to Highways England and Rupert Clubb, Director of Communities, Economy and Transport. It was likely that this item would be the subject of a special meeting in December 2015. The committee reserved the right to conduct a formal review subject to the outcome of the presentation on this item.

RESOLVED: 1) That the Local Democracy Officer write to East Sussex County Council informing of the request to be involved as an active stakeholder in the upcoming consultation on the future 'Safe Walking Strategy'.

2) That the Local Democracy Officer write to The Police Crime Commissioner, Sussex Police District Commander for Eastbourne advising of the intention to conduct a review (as detailed within the Annual Programme) and asking for a presentation on the rationale and priorities for the financial challenges that have been given to the police, outlining what

sort/kind of police force is envisaged emerging from the new model, and finally, how this would impact on Policing in Eastbourne.

3) That the Towner Curator and Deputy Chief Executive be advised that the committee wish to review the performance of the current arrangements and future funding requirements of the Towner at the June 2016 meeting.

4) That The Local Democracy Officer in conjunction with Councillor Holt, investigate the current situation regarding the improvements to the A27 east of Lewes, the results of which would inform the invitation to Highways England and Rupert Clubb, Director of Communities, Economy and Transport to a future meeting of the Scrutiny Committee.

10 Annual Finance Seminar.

The committee were advised that the Annual Scrutiny Seminar – Finance would be held on Monday 12 October 2015, 6.00pm, Court Room, Town Hall.

NOTED.

The meeting closed at 7.52 pm

Councillor Smart (Chairman)