

MINUTES of the meeting of the **HIGHWAYS AND GROWTH SELECT COMMITTEE** held at 10.00 am on 6 December 2018 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 28 February 2019.

Elected Members:

- * Mr Stephen Cooksey
- * Mr Paul Deach
- Mr Matt Furniss
- * Mr Bob Gardner (Chairman)
- * Mr Andy MacLeod
- Mrs Tina Mountain
- * Mr John O'Reilly (Vice-Chairman)
- * Dr Peter Szanto
- * Ms Barbara Thomson
- * Mr Richard Walsh

Ex officio Members:

Co-opted Members:

Substitute Members:

Mr Matt Furniss
Mrs Tina Mountain

In attendance

10 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Matt Furniss.

11 MINUTES OF THE PREVIOUS MEETING: 18 OCTOBER 2018 [Item 2]

The minutes of the previous meeting were agreed as a true and accurate record of proceedings.

12 DECLARATIONS OF INTEREST [Item 3]

There were none.

13 QUESTIONS & PETITIONS [Item 4]

There were none.

14 RESPONSE FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

The response from the Cabinet Member was noted by the Committee.

15 AFFORDABLE HOUSING - SURREY COUNTY COUNCIL ASSET AND PLACE STRATEGY [Item 6]

Declarations of Interest:

None

Witnesses:

Tracie Evans, Executive Director of Economy, Growth and Commercial
Director Julian Wain, Programme Director, Economy, Growth and Commercial
Colin Kemp, Lead Cabinet Member for Place

Key points raised in the discussion:

1. Members questioned the current Council position on Key Worker housing and asked whether there had been any significant shifts in thinking. Members stressed that they felt the provision of affordable Key Worker Housing was crucial and questioned how this could be adequately delivered as a part of the Asset and Place Strategy. The Cabinet Member for Place explained that there had been a shift in thinking from what had been previously suggested and highlighted that there was an acute need for affordable Key Worker housing and that there was a renewed focus on the delivery of this which would be included as part of the Asset and Place Strategy.
2. Members questioned the definition of “Truly Affordable Housing,” and what this meant in practice. Officers and the Cabinet Member noted that this was a Surrey County Council definition, rather than a statutory one. However, officers explained that the evidence suggested that “Truly Affordable,” in Surrey would be that rents would be set at Social Rent level.
3. The Cabinet Member noted that there was a tendency to concentrate on the delivery of raw numbers of housing, rather than delivering “Truly Affordable” housing. The Cabinet Member stressed that he would prefer to ensure that the stock that were built were “Truly Affordable.” It was explained that work needed to be undertaken with District and Borough Authorities to focus more on “Truly Affordable” housing.
4. Members questioned delivery of “Truly Affordable Housing,” and how this could be undertaken in the current financial climate. The Cabinet Member noted that work must be undertaken with Boroughs and Districts to determine the best way to proceed. It was stressed that there needed to be better communication with Borough and District Planning departments and with Members to encourage utilisation of this.
5. Members pointed out that there was a disconnect between the need to get maximum return on Surrey assets, both from a statutory requirement and from a financial need for the Council, and the requirement to create “Truly Affordable Housing.” Officers explained that there was a balance to be struck between the need to generate income and the need to create affordable housing. It was also noted

that, under statutory guidance, that the Council could sell land at less than market value if the sale was justified in terms of developing it into social housing.

6. Members and Officers agreed that setting the criteria for the utilisation of Surrey's assets, including for the provision of affordable housing, was an important aspect to determine as part of the Asset and Place Strategy. It was also noted that determining criteria for delivery specifications of any project was also an important aspect of this design.
7. Members questioned whether there were assets that had been identified within Surrey's property portfolio which could potentially be freed up to develop affordable housing. Officers noted that the authority had significant land holdings and that the service was assessing all that could be utilised; including operational buildings not currently in use. It was noted that this list was a work in progress and the service would seek Member's local input as to whether the location would be suitable for use.
8. Cabinet member noted that Borough and District Authorities were reticent to take advantage of the lift on the cap of Housing Revenue Accounts, due to the possibility of losing stock resultant of Right to Buy. It was stressed that this may limit enthusiasm in Borough and District authorities which may require management. It was stressed that work was being undertaken to look at how to mitigate these barriers as part of the development of the strategy.
9. Officers noted that approaches regarding affordable housing would be built in to the Asset and Place Strategy and that this would form part of a long term strategy.
10. Members questioned how the local authority could incentivise developers to create more social and affordable housing. Members noted that developers claimed that it was unviable for private companies to deliver in most instances and questioned how it could potentially incentivise developers to engage more. The Cabinet Member stressed that the Council was not a deliverer of affordable housing, but that it had a role as an enabler. It was stressed that it could work with developers to set criteria of how much is used for affordable housing development. Members stressed that there was a need to be clear on the ambition of the County and criteria that it will use to enable development of social housing.
11. Officers noted that, as part of work to determine the need for affordable housing, there were socio-economic impact studies that were underway to determine the impact on individual areas.
12. The Cabinet Member noted that there was work underway to bid on the Housing Infrastructure Fund and that the Council was also working with central government and with Local Enterprise Partnerships to

deliver on affordable housing in future.

13. The Cabinet Member stressed that Extra Care housing was also a key part of the Asset and Place Strategy for the delivery of affordable housing, noting that there was a requirement to understand the need. It was stressed that this would be part of the information that would be part of the Asset and Place Strategy.

Recommendations:

1. That the Cabinet Member for Place ensures that a set of clear criteria is developed as part of the Asset and Place Strategy in Spring 2019, which would be implemented to determine how a Surrey asset would be utilised, including:
 - a) Assessment of whether an asset could be used for housing, particularly affordable housing;
 - b) Assessment of the options for delivery, including by the County, District or Borough, joint venture or a private developer.
 - c) Numerical targets and ambitions for the future provision of “truly affordable housing” and that this be given high priority when considering the disposal of Surrey County Council assets.
2. That the Cabinet Member ensures that the Asset and Place Strategy has a clearly defined plan to deliver affordable housing in Surrey to attempt to meet demand, and that this is demonstrated in the completed strategy before approval by Cabinet in April 2019.

16 OVERVIEW OF THE HIGHWAYS' CORE MAINTENANCE CONTRACT [Item 7]

Declarations of Interest:

None

Witnesses:

Paul Wheadon, Business Improvement & Consultancy Team Manager
Lucy Monie, Head of Highways and Transport
Jason Russell, Executive Director of Highways, Transport and Environment

Colin Kemp, Lead Cabinet Member for Place

Key points raised in the discussion:

1. Members and the Cabinet Member for Place updated the Committee regarding communications that are sent from the Highways Authority and the need for clarity of information sent to Members and to the public. It was explained that officers had agreed to review how the service communicates with Members and ensure that the service

continue to improve the way that it communicates.

2. Members questioned street furniture repair and the responsibility for damage caused by accidents, and noted that there were instances of unrepaired street furniture damage. The Cabinet Member noted that responsibility for some repairs were part of the current contract, but stressed that the primary function was to make any furniture damage safe. It was noted that higher priority furniture would be replaced as a higher priority, but stressed that lower priority repairs may take longer. It was noted that recovery of costs for high priority repairs came from the third party insurance and that these costs were returned to the Highways Authority when successfully claimed.
3. Members commented that evidence provided suggested that the current contract arrangement was, generally good value for money. Members questioned whether there had been any significant changes that would ensure that a future contract with a similar design framework would not be value for money and where improvements could potentially be made. The Cabinet Member noted that there had been significant renegotiations of the contract during its lifetime which had improved its value of the course of its operation. It was noted by officers that there was also additional scope for incremental improvements, but that the design was fundamentally good value for money.
4. Officers explained that they had been exploring how the contract had been performing. It was highlighted that they had recently been considering activities undertaken with partners to ascertain their effectiveness, and that they had undertaken benchmarking exercises against other authorities' performance to determine quality and best value for money. Officers noted that the next stage of the process was to determine how the service could achieve greater value for money in any redesign. Officers offered to share outline graphs and benchmarking against other authorities with the Committee.
5. Members questioned the disconnect between the resident's survey perception of the performance of the Highways Authority and the Resident Panel, and why there was a difference in the perception of performance between these two groups. Officers noted that customer assessment measurements were wide and that the panel was a smaller group of interested individuals. It was highlighted that customer satisfaction levels were generally low across all benchmarked authorities, but that satisfaction increased with an understanding and improved communication of how and why work was being undertaken.
6. Members questioned the financial stability of the current contract holder and questioned whether the Highways Authority had confidence in their capacity to continue delivering the necessary service. Officers noted that there had been a significant reduction in confidence of Public Finance Initiatives (PFI) following the collapse of Carillion, but

explained that that Surrey County Council carefully monitor any company contracted and that there were no significant concerns as of December 2018. It was noted that the Council would continue to monitor this as a matter of course.

7. Members questioned the marketplace for potential new contractors, questioning whether there had been any initial interest in bidding for a redesigned contract. It was also queried what the market situation was. Officers noted that there was significant interest in the contract, noting at least six potential providers had expressed interest, including the current contractor. It was noted that any final interest would be dependent on contract design, but that the service had a good reputation amongst contractors and that it was working to determine what would be attractive to contractors as well as part of its market research.
8. Members questioned whether it was the Highways Authority or the contractor who made assessment of repair criteria in the current contract and whether this was planned to remain the same in the new contract. Officers noted that defects were, generally, identified by Highways Authority staff, but that these were categorised on a shared system which significantly aided partnership work.
9. Members stressed that there was a need to balance value for money with performance. Members also asked, to aid with quality assurance, that the committee review the Key Performance Indicators of the new contract on a regular basis.
10. Members questioned whether there was any possibility for an in house bid to deliver the contract in future. Officers noted that there was a question of service capability to do this, but assured the committee that all potential options would be considered. The Cabinet Member also noted that engaging with a partner to undertake emergency work was more effective due to their increased capability to meet the need.
11. Members questioned whether there was a potential for the profitability of the contract to decrease if work reduces in future, and whether this would reduce the attractiveness of the contract. The Cabinet Member noted that there were inevitable dips in activity but that this did not adversely affect the viability of the contract.

Further information to be provided:

1. That officers share outline graphs and benchmarking against other authorities with the Committee.

Recommendations:

1. To form a Task and Finish group, as designed in the Terms of Reference to understand the original Highways Maintenance Contract,

changes to it, and reasoning behind why these changes were made, to provide an understanding of the context and potentially inform how the service could design the future contract.

2. To provide input on the contract model to be used.
3. To provide input on the Key Performance Indicators (KPIs) of the Contract, and how they will be measured and utilised to ensure good performance and value for money.
4. Develop close working relationships with peer Authorities to maximise the outputs of the contract review

17 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 8]

Key points raised in the discussion:

1. Members questioned whether there could be included on the forward plan included regarding the Transport Development Planning function, from the viewpoint of the effects of Highways planning.
2. Members questioned whether there should be better engagement with members of the public with regard to forward planning and whether this could be incorporated into the forward planning process.
3. Members reviewed and approved the forward plan and recommendations tracker.

18 DATE OF THE NEXT MEETING [Item 9]

The date of the next meeting will be on 28 February 2019 at County Hall.

Members noted their thanks to the outgoing Democratic Services Officer for their work on the Select Committee.

Meeting ended at: 12.32 pm

Chairman