

Environmental & Community Services Select Committee

11 January 2017 – At a meeting of the Select Committee held at 10.30 a.m. at County Hall, Chichester.

Present: Mr Tyler (Chairman)

Mr Barrett-Miles	Mr G Jones*	Mr Rae
Mrs Brunsdon	Mr S Oakley	Mr J Rogers
Mr Circus	Mrs Phillips	Mr Whittington
Dr Dennis		

In attendance by invitation: Ms Goldsmith (Leader) and Mr Lanzer (Cabinet Member for Highways and Transport)

*Arrived at 11.50am

Apologies for absence were received from Mr M Jones.

Declarations of Interests

230. In accordance with the Code of Conduct, the following personal interests were declared:

231. Mr S Oakley as a member of Tangmere Parish Council in relation to Tangmere Solar Farm: One year on.

Minutes of the meeting held on 16 November

232. Resolved – that the minutes of the Environmental and Community Services Select Committee held on 16 November 2016 be approved as a correct record, and that they be signed by the Chairman.

Cabinet Member's Response to the Committee's Recommendations on the Proposed Submission Draft Joint Minerals Local Plan

233. The Committee noted the Cabinet Member's Response to the Committee's Recommendations on the Proposed Submission Draft Joint Minerals Local Plan (copy appended to signed minutes).

Cabinet Member's Response to the Committee's Recommendations on the Impact of the Highways Transformation Programme

234. The Committee noted the Cabinet Member's Response to the Committee's Recommendations on the Impact of the Highways Transformation Programme (copy appended to signed minutes).

Highways Maintenance Term Contract Re-Procurement

235. The Committee considered a report by Director of Highways and Transport (copy appended to signed minutes).

Agenda Item No.2

236. Matt Davey, Director of Highways and Transport and Jonathan Ullmer, Head of Highways Operations introduced the report (copy appended to the signed minutes); which outlined the proposals to procure a new term maintenance contract for an initial period of between five and seven years with the option to extend to a maximum total duration of 10 years; once the current Highways Maintenance term contract expires on 30th June 2018. Key points were:

- Soft market testing took place in October 2016, with further testing taking place in January 2017. All documentation will need to be in place by April 2017 when competitive dialogue can begin with contractors. The new contract needs to be in place by 1st July 2018.

237. The Committee made comments including those that follow. It:

- Questioned how confident the County Council was in achieving the April 2017 deadline and whether a delivery model needs to be decided by then. An officer advised that there was still significant work to do but with resources and consultants available, the process should be in a good position to move forward by then. A Full Business Case was being looked at with options 1 and 2, with Option 1 being preferable as it is in synergy with the current contract having one contractor in charge. The Full Business Case and decision will be made by April and it was agreed at Project Board that if nothing had been finalised by February then the project would need to be delayed by a further 3, 6 or 9 months. In the event of challenge to this, both legal and procurement advice had been sought and as the procurement process was in hand this could be mitigated.
- Queried whether certain criteria needed to be met in order to meet with Highways safety requirements and whether the reactive capability of the contractor needs to be specified in the contract. Also how the risk variants for safety or damage are tested and whether reputational risk will be part of the assessments that are tested and go out to market. An officer advised that more elaboration is needed on the criteria for keeping highways safe but there is a risk management system in place for certain specifications such as potholes and fixture times. Reputational risk needs to be a balance and good communication with the public is key. The contractor's reputation is also at risk so it is important that they are performance managed to the most cost effective way. As the two main risks are safety and reputation, then it will be decided how much is devolved and the contractors ability to manage this. It is thought that larger suppliers will manage better as they have the resources to invest properly and protect both workers and the public.
- Queried if it was possible to get an alignment of contract end dates with neighbouring authorities in order to get a more competitive price. An officer advised that although market testing has indicated that contractors prefer a 7 year contract, a 5 year term caveat is included in the proposals as this is in line with East Sussex County Council's contract end date, giving them the option to join if they wish.

Agenda Item No.2

- Queried whether consideration had been given to devolving Highways issues to district and borough councils on an agency basis. An officer advised that this was possible and had been done previously in areas such as grass cutting. The County Council were happy to work with the district and borough councils and would like to devolve more but they don't always have the appetite for this. As part of the new procurement they will have the option buy in.
- Noted that the rate of deterioration of the Highways drainage asset was not acceptable. An officer advised that the County Council has just adopted an Asset Management Strategy for highways and carriageways which will be extended to all groups including drainage. This will be a more structured approach to asset management and an integral part of the new contract and will be brought back to members for input.
- Queried the importance of specification in contractor works, if in the case of bad work they would be required to return but there are no time limits placed on when this needs to be. An officer advised that if bad repairs are reported there is a defect notification period of 28 days that the contractor needs to fulfil.

238. The Cabinet Member for Highways and Transport concluded that although there were risk concerns with all 3 options that it was appropriate to carry all of them forward. He also recognised the merit in aligning contracts with neighbouring authorities and that all comments from the Committee would be taken into account in the Full Business case which will be brought back to the Committee in March. A programme of member engagement will be on-going.

239. Resolved – That the Committee:

- 1) Supports the commencement of a procurement process to procure a new Highway Maintenance Term contract to commence 1st July 2018 in accordance with the recommendations of the Full Business case.
- 2) Supports the letting of a new contract for an initial period of between 5 and 7 years with the option to extend to a maximum duration of 10 years with the exact durations to be confirmed within the Full Business Case.
- 3) Notes the delegation of authority to the Executive Director of Economy, Infrastructure and Environment to enter into the contract, and to extend if appropriate, in accordance with the Council's Standing orders on Procurement and Contracts.
- 4) Requests that the Cabinet member recognises the need to adequately resource the monitoring arrangements for the new contract.

Tangmere Solar Farm: One Year on

240. The Committee considered a report by Director of Economy, Planning and Place and strategic Planning Manager (copy appended to signed minutes).

241. Daire Casey, Energy and Data Manager introduced the report which gave an update on Tangmere Solar Farm, one year on, which became fully operational on 6 October 2015 as part of the Your Energy Sussex (YES) programme. The technical and financial performance has been measured as well as the wider social, economic and environmental benefits that have been realised as part of the scheme. Key points were:

- Performance at the site was dependent on the amount of daily sunshine hours. Some months has fluctuated, with March 2016 showing an over performance, whereas poor weather in June meant performance was below expectation.
- The County Council were currently looking at battery storage technology to retain some of the energy produced until prices spike at peak times. Power can be taken from the cheaper end of the day and sold back to the National Grid at a higher price during these peak times. Battery storage was already prepped and ready at the site.

242. The Committee made comments including those that follow. It:

- Questioned whether lifecycle costs including early deterioration and replacement risks of the panels and invertors had been factored into the Business Case. Also whether current deterioration rates were in line with expectations. An officer advised that manufacturers have a 10 year warranty on both panels and invertors. The outline Business Case does acknowledge there would a requirement to replace the invertors after around 5 or 7 years. Life cycle costs have been identified and they are expected around year 8 of the project. There is likely to be a deterioration of panels at around 1% digression per annum, which currently hasn't happened but is being monitored. Current defect and maintenance rates were lower than expected for normal operations.
- Queried the investment into the use of battery storage if future technology was subject to change, meaning battery replacement or upgrade was needed earlier than expected. Also whether the seasonal distribution of energy was problematic and if there were any figures available for wasted electricity. An officer advised battery storage was still in the early stages and the County Council were currently working with Carrillion to identify the appropriate storage solution. Some technology was coming down in costs and a large Capital investment is not needed, as the project has been looked at on a cost effective basis. Battery storage would allow 'spikes' in power to be taken advantage of. The demand for winter electricity was high, but storage allows for no losses over prolonged periods and enables the County Council to be responsive to what the grid demands. It was important that the technology is there to respond to grid services.
- Raised concerns that government policy on green energy had been downgraded, so large investment may not guarantee financial benefits, as the project was dependant on government subsidies. An officer advised that a large amount of funds were already spent towards providing energy for schools, offices and libraries in West Sussex. Using the energy market

this way with an undervalued land asset will bring funds back into the county. The government could roll back the feed-in tariff currently in use, but they also have a large infrastructure investment in the National Grid. From a policy perspective there is clarity that a feed-in tariff is not the scheme going forward.

- Queried whether the life cycle costs had included the costs of clearing the site and requested that clean site access be a priority in keeping with the image of the site. An officer advised that information on site clearing costs could be provided to the Committee.

243. Resolved – That the report be noted.

Business Planning Group Report

244. The Committee considered a report by the Chairman of the Business Planning Group (copy appended to the signed minutes).

245. Resolved – That the Committee endorses the contents of the report and particularly the Committee's Work Programme for 2016/17, revised to reflect the Business Planning Group's (BPG's) discussions.

Forward Plan of Key Decisions

246. The Committee considered the Forward Plan February to May 2017 (copy appended to signed minutes).

247. Resolved – That the Forward Plan be noted.

Date of the Next Meeting

248. The Committee noted that its next scheduled meeting will take place on 8 February 2017 at 10.30am at County Hall, Chichester.

The meeting ended at 12.37pm

Chairman