

FINANCE, ASSETS & PERFORMANCE SCRUTINY COMMITTEE

Monday, 25th September, 2023
Time of Commencement: 7.00 pm

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Present: Councillor Mark Holland (Chair)

Councillors: Bryan Parker
J Tagg
P Waring Brockie
Lawley
Grocott

Apologies: Councillor(s) Bettley-Smith, Stubbs and Allport

Substitutes: Deputy Mayor - Councillor Barry Panter (In place of Councillor Robert Bettley-Smith)
Councillor Andrew Fox-Hewitt (In place of Councillor Mike Stubbs)

Officers: Sarah Wilkes
Simon McEneny
Georgina Evans-Stadward
Service Director - Finance / S151 Officer
Deputy Chief Executive
Service Director - Strategy, People and Performance

Also in attendance: Councillor Simon Tagg
Leader of the Council and Portfolio Holder - One Council, People and Partnerships

1. APOLOGIES

Apologies were received from Councillors' Allport, Bettley-Smith and Stubbs

2. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

3. MINUTES OF A PREVIOUS MEETING

Resolved: That the minutes of the previous meeting held on 26th June 2023 be approved as true and accurate record.

4. FINANCIAL & PERFORMANCE REVIEW REPORT - FIRST QUARTER 2023/24

The Leader introduced the Financial and Performance Review report for the first quarter of 2023-24 for which the new performance data had been used and which he commended for the quality of details provided.

The Chairman briefly presented the performance indicators.

Resolved: That the contents of the report and appendices be noted, and members continue to monitor and challenge the Council's service and financial performance for this period.

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5. **SICKNESS ABSENCE UPDATE REPORT**

The Leader introduced the Sickness Absence report which showed that stress, depression and anxiety along with musculoskeletal problems were the main reasons reported by employees.

The Service Director for Strategy, People and Performance went through the report, highlighting the main concern which was long term absence i.e. more than four weeks. There had been some improvement in the mental health figures showing the efforts undertaken through various wellbeing initiatives in that area had been helpful. Adjustments had notably be made to keep people in work in office-based environments. The situation was more difficult for manual workers sustaining similar injuries or illnesses.

Data had been benchmarked both locally and nationally, showing that similar organisations were facing the same concerns. An action plan had been developed using conversations, support and further adjustments.

Members asked questions and responses were provided as follows:

- Cllr Brockie asked about changes in neighbourhood delivery. – While there had been some changes in the purpose and focus of the work of the team there hadn't been any changes in the headcount in those areas. The Leader commented that future quarters would bring further information. Cllr Brockie expressed her fear that the restructuring may not be saving as much money it otherwise would as well as suspicion about the targets being appropriate as these didn't seem to be affected by sickness absences. The Leader clarified that the problem was across sectors and efforts were being put I to rectify the situation and have people back to work as soon as possible.
- Cllr Fox-Hewitt asked about the possible outcomes referred to in the report and the opportunity of a staff survey for which numerous templates were available along with preventive measures. – The Leader supported the suggestion of a staff survey and the Service Director for Strategy, People and Performance confirmed that this was in the pipeline. Preventative initiatives were already in place and notably around mental health.
- Cllr Panter asked about professional services available to people suffering from stress, anxiety and depression as well as if causes had been identified in the work place such as excess work and bullying. – External counselling services were available to employees, as for causes these were unfortunately difficult to identify. Most people would not mention work related stress in their footnotes and a dignity at work policy was in place to tackle bullying.
- Cllr Waring wondered if older people in the organisation and potential support to medical treatments. – Allowing for the ageing workforce to move on to roles that are less challenging physically was part of the attendance management strategy.

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- Cllr Lawley asked about subsidized gym memberships and safe working practices for operational workers. – Health and safety was taken seriously with information shared on posters among other supports. Subsidized gym memberships were available to all employees and the gym could be used free of charge to help recover from injuries.
- Cllr Fox-Hewitt asked about the turnover of agency staff. – This was common in most councils especially in relation to recycling and waste collection and agency workers were encouraged to join as permanent members of staff.
- Cllr Parker asked about skills matrices showing the names of employees along with their skills. – This was something being used to facilitate rotation although there wasn't a unified system.

Resolved: That the content of the report be acknowledged and debated.

[Watch the debate here](#)

6. MEDIUM TERM FINANCIAL STRATEGY 2024/25 TO 2028/29

The Leader introduced a report updating Members on financial pressures facing the Council for the period 2024/25 to 2028/29 in respect of the Medium Term Financial Strategy.

This had been debated at Full Council last week. An Efficiency Board Savings Committee would be held and its findings brought to this Committee at a later date.

Some of the challenges included inflationary costs, Temporary accommodation and the national pay award. The Portfolio Holder for Finance, Town Centres and Growth would be writing to the local MP's and the Government emphasising the challenges with temporary accommodation and the pay award.

Councillor Brockie said that it was stated that the shortfall in view of the outlined costs would be offset in full by favourable variances – one being the interest on the Town Deal and Future High Streets Fund noting the recent interest hikes as a potentially transient means of offsetting the risks along with the cost of living reserve which, it was suggested would fully offset the forecast pay award. How sustainable was this and did the Council have reserves to contend with the major risks that were involved with meeting obligations. A lot of projects were escalating in cost and none of the construction costs were likely to reduce. Some projects were essential to the economic wellbeing of the town. Could the Council be open minded about what would bring about the regeneration that the Government funds were received for. Some carefully managed asset disposal would be helpful but assurance was required that the Council would realise enough to proceed with its plans safely.

The Leader stated that he was proud of the reserves that this Council had built up over the last few years and had managed to maintain them, despite the legal action taken over Walleys Quarry. With regard to delivering the regeneration programme, it had been looked into to deliver it in a different way, bringing in Capital and Centric on the York Place and Midway developments. This approach could also be looked at for the Ryecroft site. Regarding the bringing in of money from assets, £6.1 million had been brought in from key services over the last few years

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Councillor Waring stated that one of the large pressures this Council had was the temporary accommodation for vulnerable residents. Had any outside funding been received for this.

The Leader confirmed that there was a funding stream from the Government but it was not enough to pay for the entire cost of the accommodation. There was a gap that had continued to grow which was the reason for the letter to the Government that had been mentioned earlier. The Council needed to get full reimbursement, otherwise it would put stress onto the Council budgets

The Chair requested that any letter of response from the Prime Minister/Government be brought to this Committee for comment.

- Resolved:**
- (i) That the funding pressures of £2.751m in 2024/25 and £5.082m over the 5-year period covered by the Medium-Term Financial Strategy (MTFS) be noted.
 - (ii) That the approach regarding the development of savings and income generation proposals in the medium-term be noted.
 - (iii) That the continued uncertainty regarding the medium-term impact of local government funding and the Cost-of-Living crisis be noted.
 - (iv) That the Portfolio Holder for Finance, Town Centres and Growth would be writing to Central Government and Local MP's to lobby for funding to assist with the additional pressures in respect of the national pay award and temporary accommodation be noted.

[Watch the debate here](#)

7. ASSET MANAGEMENT STRATEGY

The Leader introduced a report seeking approval for the new Asset Management Strategy.

The Asset Management Strategy had been in place since 2018, refreshed from the previous administration and items contained within the Strategy had been delivered. Taking it forward took into account all other works going on in the town centre and members were referred to paragraph 2.5.1 of the report which outlined the planned capital works and projects and 2.5.2 which outlined asset disposals. Paragraph 2.5.3 outlined other projects at Chatterley Valley, Kidsgrove and the Circus Heritage Centre.

Councillor Fox-Hewitt asked for absolute clarity on the proposed terms for the Joint Venture Redevelopment in terms of the end purchasing agreement. Councillor Fox-Hewitt's understanding was that the costs would be redevelopment of the site or the value of the land at that time – whichever was the greater. Hypothetically, if York Place cost £900,000 to redevelop and it was valued at £1.5 million, the Council would receive £1.5 million but would that include the purchase of the site. For example, if the purchase cost £1 million and £900,000 was spent redeveloping it, that would leave a shortfall of £400,000. Therefore clarity was required that the purchase cost of the land and site was included in the package of payments.

The Leader believed that was the case and would bring in the Deputy Chief Executive. With regard to the borrowing, all Council's did this. Newcastle had not borrowed significantly for a number of years because of the sale of the housing stock in the 1990's. From a financial point of view, that money would pay off the interest and loan. The Deputy Chief Executive advised that the cost of creating the York Place asset would include land, construction cost, development fees, interest payments on the construction period etc so there would be a budget code and every cost put against that budget code would be the cost of creating the asset. At the time of completion the Council would receive a valuation of that asset and that would include the land and the development – whichever was the greater would be the cost that the Council would receive.

Councillor Fox-Hewitt asked, in terms of the partnership and any of the developments in the town centre, would the procurement of materials and trades be sourced locally. The Leader confirmed that would be the case. Capital and Centric were also keen on sourcing locally.

Councillor Brockie stated that built into each stage of the journey with Capital and Centric was the provision that if things did not work out the Council was under no legal responsibility to continue with it. Preliminary work would be undertaken by Capital and Centric at a cost of up to £256,500 to be available for scrutiny within six months. Could the Committee be kept apprised of who would be responsible for carrying out regular risk assessments, how risks would be quantified and qualified and what would be in place to bring about the necessary interventions.

The Leader stated that it was key that it was done properly and done in such a way that it could be delivered. This Scrutiny Committee would be kept informed. The Deputy Chief Executive explained the PAGABO framework and process, stating that its use had become increasingly popular as they had saved local authorities in time and cost.

Councillor Brockie stated that it should be remembered that this was a market town and not a metropolitan borough and thinks needed to be kept as local as possible.

Councillor Bryan stated that she had worked on a project that had used the PAGABO framework and it had gone really well and cost effective way of working.

Councillor Grocott asked if any of the areas were taken out of the equation, were there any other areas that would be looked at. The Leader stated that the Council was in the hands of Planning Inspectors and other things. Biodiversity and net gain had now come along, which was a planning obligation and the Council could use its land assets to offer these at a price to a developer so there were other income options but the local plan needed to run its course.

The Deputy Chief Executive advised that if the Council did not deliver on what had been listed out there would be two consequences. Firstly, the Council would not get the capital receipts but in the case of car parks and some of the sites where the Council had gone for housing, if they are not agreed through the local plan process or they were not sold, somewhere else would have to be found for those houses to go.

Resolved: That the report be received and the comments noted.

[Watch the debate here](#)

8. COMMERCIAL STRATEGY UPDATE

The Leader introduced a report updating the Committee on the plans to review the delivery of the Commercial Strategy as projects developed.

This Strategy suggested a lot of the same sites as the Asset Strategy. The proposed car park on the Ryecroft would be a profit making one and there would be a hotel on that site. The solar array up at Keele Cemetery would also be used as an income source providing energy for the cemetery. The Council was waiting for Aspire to bring forward their development on the former Zanzibar site.

Councillor Waring asked what payback period there was on the solar installation. The Leader advised that this would be reported at the October Cabinet meeting. The Deputy Chief Executive advised that payback would depend upon the level of investment put in which would be based on two things, whether the equipment was bought or leased. Buying would involve a longer pay back. The Council was trying to work out a business model with a provider that gives the best installation with the most flexibility that gives the most cost. The Leader stated that they were hoping to take the solar array paper to September's Cabinet but due to working through the details and talking with Keele it needed to be right before being taken to Cabinet.

The Chair asked that this be added to the next FAPS agenda under the Update from Cabinet heading.

Councillor Lawley asked if the hotel would be a prime spot for temporary accommodation and therefore not make the anticipated profit. The Deputy Chief Executive stated that if the Government wished to, through its agents, seek the permission of the hotel owner and it was within the rights of the owner to say no. If bookings were taken at the hotel they would be at market rate.

Councillor Brockie asked for an update on the status of the Sky building.

The Leader advised that it was not part of the current Commercial Strategy because it had been sold by the previous administration to a newly set up company. It was immediately sold on to someone in the Liverpool area who eventually left local and foreign investors out of pocket. All that the Council could do was to ensure that the structure was safe and any issues reported to the Health and Safety Executive. Owners were regularly contacted to see whether any development would take place.

Resolved: That the Scrutiny Committee receive a further report on the delivery of the Commercial Strategy in early 2024.

[Watch the debate here](#)

9. WORK PROGRAMME

The December meeting would be looking at the Quarter Two – Finance and Performance Report, Draft Savings proposals and a copy of the Council's Annual Report.

Councillor Fox–Hewitt asked that the Staff Health and Wellbeing survey be added to the January meeting.

10. PUBLIC QUESTION TIME

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There were no public questions.

11. **URGENT BUSINESS**

There was no urgent business.

12. **DATE OF NEXT MEETING**

Resolved: That the next meeting be held on 13 December, 2023.

**Councillor Mark Holland
Chair**

Meeting concluded at 8.20 pm