

FINANCE, ASSETS & PERFORMANCE SCRUTINY COMMITTEE

Wednesday, 18th September, 2024

Time of Commencement: 7.00 pm

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| Present: | Councillor Mark Holland (Chair) | |
| Councillors: | Bryan J Tagg | Stubbs Edginton-Plunkett |
| Apologies: | Councillor(s) Parker, P Waring, Bettley-Smith, Brockie, Lewis and Lawley | |
| Substitutes: | Councillor David Grocott (In place of Councillor Wendy Brockie) Councillor Nicholas Crisp Councillor Dave Jones (In place of Councillor Rebekah Lewis) Councillor Andrew Fox-Hewitt (In place of Councillor Annabel Lawley) | |
| Officers: | Sarah Wilkes Georgina Evans-Stadward | Service Director - Finance / S151 Officer Service Director - Strategy, People and Performance |
| Also in attendance: | Councillor Stephen Sweeney | Deputy Leader of the Council and Portfolio Holder - Finance, Town Centres and Growth |

1. APOLOGIES

Apologies were received as listed above.

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 27th June 2024 be agreed as a true and accurate record.

4. MEDIUM TERM FINANCIAL STRATEGY 2025/26 TO 2029/30

The Deputy Leader and Portfolio Holder for Finance, Town Centres and Growth presented the update on the Medium-Term Financial Strategy for the upcoming five years. The Strategy had been agreed in February 2024 as part of the budget setting process and was designed to provide an overarching framework for the allocation of resources to the Council's key priorities in light of financial pressures forecasts.

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Members submitted questions and responses were provided by the Service Director for Finance (S151 Officer).

Cllr Stubbs enquired about the £127k gas and electricity inflationary increase assumption for the year 2025-26. – It was advised that higher energy prices were still being experienced and, in addition to that there was additional usage with issues at J2. Councillor Stubbs referred to last year's MTFS where there had been a huge increase and this was a second one. Was there any thoughts that at some point these could be reduced in the budgets. It was advised that, while it was hoped that some of these energy costs would come down eventually there were currently no sign of reduction in energy prices.

Cllr Stubbs also asked if it was correct to say that an additional £476k borrowing costs were built into the Strategy. – Indeed these related to regeneration projects and would be partly covered by Capital and Centric as part of the business model.

Councillor Stubbs stated that the previous MTFS did have all of the projects in it and asked if any new projects been added to the current MTFS as, if that were the case, there were additional borrowing costs that members were not aware of last year. He was advised that the borrowing costs shown in the previous MTFS related to the new car park on the Ryecroft site but not the other projects because borrowing costs were not put into the Capital Programme until financial information was received on them.

Cllr Jones asked about the 3.5% pay award budgeted which fell under what had been actually awarded for the third year in a row. – This was discussed every year with the Staffordshire Chief Finance Officer Group with insights of what was happening at national level.

The Service Director for Finance (S151 Officer) advised that last year a higher increase had been expected. Officers sat on the Staffordshire Chief Finance Officer Group where all Staffordshire Councils came together to discuss their budget assumptions. There were lots of discussions over pay awards, including with West Midlands Employers. All of the information gained was then used as a guide.

Cllr Jones asked – going forward how could we avoid making the shortfall four years in a row. He was advised that assumptions could only be based on the information that was received.

The Chair commented that inflation was lower than in previous years.

Cllr Fox-Hewitt enquired about the risk assessment on capital reserves. – when could members expect to receive it? He was advised that, as part of the budget setting process, this report was the starting point. Meetings had been built in over the next four weeks - after which time the Service Director for Finance (S151 Officer) would work through the risk assessment and it should be available in December.

Councillor Stubbs referred to £100,000 that had been built in for restructuring costs and asked which department it was for. This information would be made available to members.

Cllr Stubbs asked about the Council's journey to become self sufficient and asked how the pressure of another £100,000 on income be justified when it was almost forecasting a drop of almost £400,000 each year. He was advised that there were

income areas where it was known that readjustments were required. Commercialisation was also being investigated.

Cllr Fox Hewitt referred to the £1.5m shortfall over the next twelve months and after that, £5.25m and asked the Portfolio Holder for Finance, Town Centres and Growth about the funding gap. The Portfolio Holder asked the Service Director-Finance (S151 Officer) to respond who advised that the £5.25m was over 5 years and included the £1.5m previously referred to. Regarding what was making those pressures up, the majority was pay awards. There was also business rate retention reset as it needed to be assumed that, if current business rates protection changed, there would be a gap of over £1.5m.

Cllr Fox-Hewitt asked if it was a mixture of anticipated savings through the Efficiency Board and reserves that would fill the gap. This was confirmed that efficiency savings would fill the gap.

The Chair advised that at the December meeting, the forecasts should be clearer and the document would be updated.

- Resolved:**
1. That the funding pressures of £1.429m in 2025/26 and £5.251m over the 5-year period covered by the Medium-Term Financial Strategy (MTFS) be noted.
 2. That the approach regarding the development of savings and income generation proposals in the medium-term be noted.
 3. That the continued uncertainty regarding the medium-term impact on local government funding be noted.

[Watch the debate here](#)

5. **FINANCIAL AND PERFORMANCE REVIEW REPORT - FIRST QUARTER 2024/25**

The Chair introduced the Financial and Performance Review Report stating that he would draw attention to the red indicators as they came up.

Cllr Stubbs referred to a line in the report that said that at the end of Q1, all savings had been achieved but there were no breakdowns of what they were or how they were achieved. The Service Director for Finance (S151 Officer) referred to appendix A where the savings were listed.

Cllr Jones asked the Portfolio Holder for Finance, Town Centres and Growth about an item under issues at paragraph 3.3. An amber action flag for Walleys Quarry stated that the Council was awaiting permission from the Secretary of State. Cllr Jones understood that permission had now been granted. The Portfolio Holder was asked if he was confident that there was enough money in the budget to undertake the legal proceedings. The Portfolio Holder confirmed that he was.

Cllr Stubbs, referring to the accounts, stated that there had not been any income from interest payments in the budget. There would be significant income sitting in the bank account that would provide significant income interest payments that were not in the budget.

The Service Director – Finance (S151 Officer) stated that, in respect of the interest receivables, there were forecasts which set out, as and when it would be spent and

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therefore it was expected that the funding would have been spent before it actually was and hence would not have generated interest.

Councillor Stubbs stated that over the last two years the Council had almost been saved by those interest payments but they weren't shown in the budgets and it was a significant amount.

The Service Director – Finance (S151 Officer) stated that, regeneration projects moved at different speeds. There was a plan of when certain aspects of the capital spend would be spent.

Councillor Stubbs stated that the amount should be shown somewhere.

The Chair stated that everything had been declared transparently.

Cllr Jones referred to the table outlining £3.286m in sales over the year. The Portfolio Holder for Finance, Town Centres and Growth was asked to outline what they were and how much was yet to be realised. The Portfolio Holder advised that some had come from Aspire and money from the new energy site. The Service Director – Finance (S151 Officer) advised that there were other areas which the Chair requested be circulated to all members of the Committee.

Cllr Jones stated that he had not seen a list of asset sales at this Committee, Council or on the Cabinet agenda and asked the Portfolio Holder if he could advise where the information was available for members. The Service Director -Finance (S151 Officer) clarified the question which was related to bigger sales or sales happening in the future. The information would come to this Committee in the form of a table showing what the Council was expecting to achieve against what had actually been achieved but the actual assets were not included in the table.

Cllr Fox-Hewitt asked the Portfolio Holder, in respect of the previously discussed additional borrowing that had occurred, what was the interest rate. The Portfolio Holder advised that the Council thought that they were not going to borrow and therefore thought that there would be no interest to pay, The Service Director – Finance (S151 Officer) advised that, for budget purposes there was an estimate of 5% but as months progress it could change.

Cllr Fox-Hewitt referred to, previously mention £400k approximately, borrowing. Would that be taken in one go or stage it in when the interest rates plateaued. The Service Director - Finance (S151 Officer) advised that, as and when borrowing was required it would be actioned as and when and not all in one go unless more beneficial to do so.

The Chair went through the performance indicators, pointing out the red ones:

The percentage of stage one complaints processed in 20 working days. The Portfolio Holder for Finance, Town Centres and Growth advised that things were now on track. The figures in the report related to April and May.

The percentage of complaints informed within the required timescales of any action to be taken about alleged breaches of planning control. The Portfolio Holder for Finance, Town Centres and Growth advised that there had been some complex cases to be dealt with which had taken up time and resources.

The Chair referred to the large red area under priority four. This was due to some indicators that were missing from this report. The Portfolio Holder for Finance, Town Centres and Growth advised that one indicator referred to markets. Some of the stalls had been taken away and with temporary stalls now also being used, the best way to assess the indicators was being looked into. Regarding the footfall indicator – this information was provided by the BID and it had not been provided in time.

Car parking usage – number of tickets purchased. The Portfolio Holder stated that the below target figure was possibly due to more online shopping and, with the town centre regeneration that was currently underway there were a lot of vans and commercial vehicles parked up for the day.

Councillor Grocott referred to the BID stating that they had been asked to attend Economy and Place Scrutiny Committee for over fifteen months and also referred to the lateness of providing information for this Committee. The Portfolio Holder advised that if the BID chose not to engage with the Council there was not much that could be done.

Councillor Stubbs asked if the Council was the senior partner and therefore there must be something that could be done.

Councillor Stubbs referred to ID 1.13 stating that long term sickness had fallen but there was a spike in short term and asked if there was any indication of what had caused the spike. The Service Director – Strategy, People and Performance stated that a spike was expected with summertime related issues. The Portfolio Holder for Finance, Town Centres and Growth stated that this figure had been red for many years but the fact that it was coming down and staying down was an improvement.

Resolved: That the contents of the report and appendices be noted and that the Council's service and financial performance for this period continue to be monitored and challenged.

[Watch the debate here](#)

6. **COMMERCIAL STRATEGY UPDATE**

The Deputy Leader introduced the half yearly update report on the Commercial Strategy for 2024 to 2025 which outlined the progress to date on the various schemes towards maximizing the Council's assets and delivering financial sustainability to the benefit of communities.

Cllr Stubbs referred to paragraph 2.2.5 and asked why the opportunities at Chatterley Valley had come to an end. The Portfolio Holder advised that people could choose where they wanted to build. It was an enterprise zone run with Staffordshire County Council.

Cllr Stubbs stated that the building was to be purpose built so would it be built and stand empty? The Portfolio Holder stated that it would be the builder taking the risk.

Cllr Fox-Hewitt asked how much had been committed to the Chatterley Valley Project and if there was a mechanism to recoup funding. The Service Director – Finance (S151 Officer) advised that the money that was spent do date was not anything significant, such as design costs etc. The Chair asked the Portfolio Holder for Finance, Town Centres and Growth if he could provide committee members with a

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written breakdown of what had been spent to date; the Portfolio Holder confirmed that he would.

Councillor Grocott referred to paragraph 2.1 regarding commercial waste and asked how the number of businesses using the service would be increased and if prices would be higher. The Service Director - Finance (S151 Officer) advised that the Service Director - Sustainable Environment was looking into the charges but it was difficult to compare against competitors due to commercial sensitivity.

Resolved: That the updated Commercial Strategy and progress to date be noted.

[Watch the debate here](#)

7. TOWN DEAL AND FUTURE HIGH STREET FUND UPDATE

The Deputy Leader presented the update on the progress made in relation to the various projects that were being funded or partly funded through the two Town Deals – Newcastle and Kidsgrove, and the Future High Street Funds for Newcastle Town Centre.

Cllr Fox Hewitt referred to paragraph 2.1.3, Castle Car Park and asked if the new parking charges had been set. The Portfolio Holder for Finance, Town Centres and Growth advised that the fees had been agreed and would be marginally more expensive (10p) than other car parks.

Cllr Stubbs referred to paragraph 2.3.2, Kidsgrove Train Station works and asked if there was any progress on this and also referred to the sentence about HS2 cancellation and funds being transferred and whether there were any documents guaranteeing that. The Portfolio Holder for Finance Town Centres and Growth advised that he did not know if there were any documents. The Chair stated that the new Government's Transport Minister was reviewing projects on an individual basis and would therefore be the person to say if there had been any changes.

Cllr Stubbs referred to the budget for the Kidsgrove Town Deal and stated that 79% of the consultancy figures had been spent but only 39% of the project spend had been made. Given that the biggest project had had less than 1% spent on it, would there be enough money to support a £6m project. The Service Director – Finance (S151 Officer) advised that the majority of the spend was done before the project started- with business cases for each project.

Cllr Stubbs stated that there was £142k left in the budget and there was just under £10m of project left to do and said that he would be keeping a close eye on this over the next few months as he felt that it was an area of concern. The Service Director – Finance (S151 Officer) advised that there were partners involved with a lot of the projects who were putting their own funding into them too. These partners would be doing their own project management. The majority of the £670k spend was spent on the business cases to produce the projects.

The Chair stated that the Council had shown the money that it was responsible for.

Resolved: That the report on the delivery of the Town Deal and Future High Street Funds projects be noted.

[Watch the debate here](#)

8. TURNOVER REPORT

The Service Director for Strategy, People and Performance presented the review on staff turnover figures over the past year, including an analysis of leaving reasons, work undertaken and next steps to provide assurance on internal processes and practise.

Cllr Fox-Hewitt, referring to the percentile turnover target, asked the Portfolio Holder for Finance, Town Centres and Growth if there was a problem with recruitment retention as last year the workforce reduced by 14% since 2018. The turnover rate over the past year had been over 15%. In addition, it was asked if the Council had the capacity to deliver its services. The Service Director for Strategy, People and Performance stated that the reduction since 2018 had been due to service restructures. The turnover figures did not show who the people were or the circumstances for leaving. The Portfolio Holder for Finance Town Centres and Growth added that in 2018 there had been a lot of vacancies, specifically in Licensing and Elections. The new administration then set about getting staff into those positions. The One Council approach was also brought in, saving the Council over £1m each year which allowed for the filling of gaps.

Cllr Stubbs referred to the number of people failing their six month review which had increased due to a change in the way that the Council was recruiting. Was this a flaw in recruitment or the way in which officers were employing the wrong people? The Service Director for Strategy, People and Performance stated that it was not true that the people failing was down to a change in the way of the recruitment process. The Council had high expectations. There were circumstances were not meeting the basic requirements.

Cllr Stubbs asked why such people were in the building in the first place if they were failing their probation. The Service Director for Strategy, People and Performance advised that the Council's recruitment processes were good, taking up references and DBS's where appropriate.

Cllr Bryan asked if anything was being done to amend the recruitment techniques to try and reduce the number of failures. The Service Director for Strategy, People and Performance advised that there were a number of things to look at in the recruitment process such as interviews, presentations, exercises and there was a bank of tools that could be used to review them.

Cllr Fox-Hewitt stated that the figures had not taken into account staff sickness levels with less people doing increased or a more diverse workload. Was that impacting on stress levels, mental health, anxiety.

The Chair stated that there had been very detailed reports over the last twelve months about sickness absence which had been scrutinised. The Service Director for Strategy, People and Performance was asked, if the average turnover was 20% and this Council's was 15%, was 10% an ambitious target. The Chair was advised that it was an ambitious target and also needed to be careful not to assume that the low turnover rate was positive.

The Chair asked the Portfolio Holder for Finance, Town Centres and Growth, given that turnover varies between services, was a single figure for turnover helpful. The Portfolio Holder stated that this was an interesting point and would take it away and discuss it.

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Cllr Grocott referred to the retirement figure of 24%. Was there a plan for replacements and was it a trend that would happen over the next four years. The Service Director for Strategy, People and Performance advised that people could not be asked to retire but managers do get a sense of when somebody intends to. The use of apprentices was being looked into and structures were looked at to see where they could be made more robust.

Resolved: That the information included in the report be noted.

[Watch the debate here](#)

9. WORK PROGRAMME

The Chair went through the Work Programme for the items on the December meeting. In addition to those listed, the Chair had spoken with the Leader of the Council regarding work on the One Council Programme which had now completed. This Committee would receive a final report on what the process achieved.

Members were asked if there were any further items that they would like to add to the Work Programme.

Cllr Fox-Hewitt asked if the report on One Council would incorporate any kind of staff survey. The Chair felt that this was an excellent suggestion and would also like to see that. The Service Director for Strategy, People and Performance stated that the intention was to get staff surveys in there. The annual staff survey was currently being run and questions on One Council could be asked within that in the future.

Cllr Fox-Hewitt stated that he did not feel that success could not be fully evaluated or scrutinised without hearing from the Council's employees when One Council had impacted on roles, career progression and opportunities.

The Chair asked if Cllr Fox-Hewitt was proposing not to receive a report on One Council until it was possible to combine its outcome with the staff survey. This Committee did not have the authority to commission an additional staff survey.

The Chair stated that he would like to see the report as soon as it came to Cabinet in December. Cllr Fox-Hewitt was asked if he would like to put it to a vote and he stated that he would. Cllr Jones seconded the proposal stating that the impact that something as big as this would have had on staff needed to be shown.

A vote was taken on delaying the report with 5 members in favour. The Chair advised that a report on One Council would not be received in December.

Resolved: That the work programme be discussed.

[Watch the debate here](#)

10. PUBLIC QUESTION TIME

There were no questions from members of the public.

11. URGENT BUSINESS

There was no urgent business.

12. DATE OF NEXT MEETING

The next meeting would be held on Thursday 5 December, 2024.

**Councillor Mark Holland
Chair**

Meeting concluded at 8.51 pm