

Minutes of the Meeting of the Extraordinary Council held on 9 January 2023 at 7.00 pm

Present: Councillors James Halden (Mayor), Susan Little (Deputy Mayor), John Allen, Alex Anderson, Deborah Arnold, Paul Arnold, Gary Byrne, Adam Carter, Daniel Chukwu, Colin Churchman, Gary Collins, George Coxshall, Mark Coxshall, Jack Duffin, Robert Gledhill, Shane Hebb, Victoria Holloway, Andrew Jefferies, Barry Johnson, Tom Kelly, Cathy Kent, John Kent, Martin Kerin, Steve Liddiard, Ben Maney, Fraser Massey, Allen Mayes, Sara Muldowney, Augustine Ononaji, Srikanth Panjala, Maureen Pearce, Terry Piccolo, Jane Potheary, Shane Ralph, Kairen Raper, Joycelyn Redsell, Sue Sammons, Jennifer Smith, Graham Snell, Luke Spillman, James Thandi and Lee Watson

Apologies: Councillors Qaisar Abbas, Chris Baker, Tony Fish, Georgette Polley, Elizabeth Rigby, Sue Shinnick and Lynn Worrall

In attendance: Ian Wake, Corporate Director of Adults, Housing and Health
John Jones, Director Law & Governance, and Monitoring Officer
Mark Bradbury, Interim Director of Place
Jackie Hinchliffe, Director of HR, OD & Transformation
Gareth Moss, Chief Finance Office
Sheila Murphy, Corporate Director of Children's Services
Ewelina Sorbjan, Interim Director Housing
Karen Wheeler, Director Strategy, Engagement and Growth
Jonathan Wilson, Interim Director Finance & S151 Officer
Matthew Boulter, Democratic Services Manager and Deputy Monitoring Officer
Jenny Shade, Senior Democratic Services Officer

Before the start of the Meeting, all were advised that the meeting was being recorded, with the audio recording to be made available on the Council's website.

The Mayor paid his respect to former Councillor Jan Baker who had sadly passed.

Councillor J Kent extended those condolences and announced that former Councillor Peter Maynard had sadly passed today.

A one-minute silence was held.

91. Declaration of Interests

There were no interests declared.

92. Section 114 Report and Chief Executive's Response

The Mayor invited the Acting Director of Finance and Section 151 Officer, Jonathan Wilson, to present the report which had set out the background to the Section 114 report issued on the 19 December 2022. This was a statutory report which confirmed the council would not have the resources to deliver its expenditure in the current financial year and would seek exceptional financial support from Central Government. This had been followed by an intervention package which had been implemented by the Department of Levelling Up, Housing and Communities on the 2 September 2022 in response to the considered failures of the Council in respect to the best value duties. This included the scale of the financial and commercial risks faced by the authority which had links to specific investments made by the Council under the investment strategy that was in place.

The quarter 2 report presented to cabinet on the 14 December 2022 confirmed the current assessed level of that financial risk and the projected loss for 2022/23 as £452 million and the details of that figure were contained within the report. Further assistance would be required for 2023/24, which would enable a budget to be set with a current projected funding gap at £184 million.

The Council would need to demonstrate to government that it was taking all action possible to improve the financial position. This was in addition to seeking financial support. Further reports would be presented to the relevant committees setting out those plans. The impacts of the Section 114 on the Council meant the Council would not enter into any new agreements for expenditure and that would last at least until the 31 March 2024. This would be supported by a controlled framework which was set out in the report. This would apply to all statutory services.

Jonathan Wilson stated the Section 114 report was a serious matter and would impact on the future operating model of the Council. The Council would continue to operate statutory services including those services for children and adults and continue to pay all existing creditors and contracts. The meeting had been required to take place for the Council to consider the contents of the report with elected members, taking responsibility to make choices and decisions to reduce costs immediately and to support the reduction of that deficit.

The Mayor then invited the Acting Chief Executive to speak. Ian Wake stated the report provided a response, on behalf of the Head of Paid Service and more broadly Directors' Board, to the Acting Section 151 Officer's report. Ian Wake stated this was a report that no officer ever wanted to have to write or present nor one that Members wanted to hear. The situation set out in the Section 151 Officer's report was an incredibly serious one that required urgent, concerted and ongoing action by the entire organisation to support a path back to financial and operational sustainability.

The in-year deficit of £452 million in this financial year and £184 million in next financial year was unprecedented. The recovery would demand collective ownership of the problem by officers and members and the focus of the entire organisation on a set of actions that would need to be taken. There should be no illusions about some of the extremely difficult decisions that Members and officers would need to make and deliver over the coming months and years. The 20-year MTFS model referenced in the report showed that the Council was going to need emergency financial support over both this financial year

and next to set a balanced budget. Additional year-on-year financial support was yet to be negotiated with DLUHC. These negotiations were ongoing and were unlikely to be concluded before next year's budget was set. The support would be contingent on the Council demonstrating to DLUHC that they had done everything possible to support the financial recovery.

Members were referred to Section 4 of the report which set out the considerable amount of work undertaken over the past four months to understand and quantify the scope of the challenge being faced, and the steps that had already been taken to address that challenge.

Ian Wake put on public record his thanks to both officers and Members for their incredible hard work over the last four months in responding to the intervention. Ian Wake publicly acknowledged and thanked Jonathan Wilson who had stepped up into the Section 151 role at a time of crisis, and for the gargantuan effort and hundreds of excess hours that he had freely given, calmly and without a single word of complaint in delivering the financial diagnostic and financial recovery work to date and whose contribution had been outstanding.

The collective work of officers and Members in conjunction with commissioners to date had included: considerable work on financial diagnostics (whilst not entirely complete there was a very good understanding of the scale of the problem and challenge being faced); work to mitigate further loss on the three most problematic investments and ensure that returns were maximised; work to improve the capital, treasury and investment strategies in line with the directions themselves including debt reduction and updating the MRP policy to ensure compliance with the prudential code and prudent write down of existing investments; development of an asset review programme; Delivery Risk Assessment on existing savings programmes to ensure that they were realistic and delivery was on track; development of the first version of an Improvement and Recovery Plan to address the wider organisational issues that had underpinned financial failure.

This work would be iterated further once the BVI report was published, and the IRP would be brought back to this chamber as soon as possible. The IRP would act as the corporate improvement plan and would need to be owned by all. The Leader and Ian Wake had already taken significant steps to begin to improve organisational culture including a comprehensive programme of staff engagement at all levels of the organisation and work to improve officer-member and member-member relationships. The relationships between the Directors' Board and Cabinet already felt dramatically and positively improved and he had been struck by the amount of positive feedback that had been received from staff about the changes that the Council had already made. Section 5 set out action that would need to continue in order to support financial and operational recovery and he discussed the five levers open to the Council: council tax increases; asset disposals; revenue savings through service reduction and transformation; capitalisation direction and exceptional financial support and growth. Every lever must be maximised within our own

control to demonstrate to DLUHC the Council had taken every possible step to resolve their own financial problems.

Finally, a Section 114 Notice required the Council to put in place additional internal controls to prevent non-essential spend. These had been operating since the Section 114 had been declared on the 19 December 2022 and consisted of Directorate Spending Controls, an Expenditure Control Panel and a Strategic Spending Control Panel plus bespoke additional panels to control and approve spend on Adults and Children's Social Care placements and on recruitment.

Members were referred to the arrangements set out in Appendix 4 of the report, and he invited Members to approve the process. Ian Wake concluded by stating strong progress over the past four-months had been made but there was a long and difficult journey ahead. He stated it was his sincerest wish that the journey was one that the Council could take collectively and respectfully. Himself nor anyone in this chamber had all of the solutions or answers at this stage; some were yet to be negotiated with Government. When faced with a problem this intractable, the more voices that spoke up, the more input received, the more people who were engaged, the better the chance we had at developing the best solution for the borough. Ian Wake concluded on a positive note that he remained an optimist and that every crisis came with an opportunity. That opportunity was now to reset this organisation and build something new and start the journey ahead with the shared value of wanting to do the best for our Council, the best for our borough, and the best for our residents.

The Leader of the Council, Councillor Coxshall, stated that no doubt the last few weeks and months had been incredibly difficult and worrying times for residents of Thurrock. The financial position the Council was facing was severe and it was now important to restore confidence with the public and work together. The report was the final acknowledgement of the Council's financial problems and now in today's transition into recovery. The Leader had worked closely with the commissioners and Government to draft a recovery plan and had already started to improve the Council. The administration had been more honest and transparent and had started a journey of cultural change. All Members had been included at every turn and to look at how information was engaged with and presented. The senior officer team had been working to find areas of efficiency savings within the Council's budget and had benchmarked spending against other similar local authorities. The Leader stated the Council was in a better position to start making decisions on which financial levers needed to be pulled to change the current position of the Council into a success story that residents could rely on. The Leader took this opportunity to thank all staff and Members and stated this was the opportunity to look forward and work together as 49 councillors, representing each part of this council, to turn the Council into a success story. Although it would be difficult to put differences aside, he asked Members to try.

Councillor John Kent stated the meeting this evening had shamed Thurrock and the stain of failure would remain with the Council for ever more. This

evening had shown the consequences of six and a half years of Conservative leadership of the Council: a bankrupt council, the greatest financial crash of any British council ever; debt standing at £1.5 billion, losses of investments at £275 million, a funding gap of £452 million in this year's budget with a shortfall in next year's budget of £184 million; no prospect of a balanced budget until the next five years; accounts for the past two years yet to be signed off; and agreed to accept the Section 114 Notice.

Councillor Kent stated that as the figures were so large it was difficult to explain and comprehend them. From 25 May 2016, under the Conservative administration, £490,000 had been added to the debt every day they had formed the administration. With Councillor Coxshall and his deputy having sat on Cabinet every day of that time and throughout that time all had been a wall of secrecy, refusing the right to ask questions, falsely reassuring and spending £70,000 fighting through the courts to try and refuse to answer freedom of information requests. The Labour group had tried to warn them of the impending disaster and put on record their concerns at an extraordinary council in July 2020.

Councillor Kent referred to the five levers in turn. The first being council tax and made clear that the Labour group would not be supporting that recommendation as Thurrock residents were not responsible for this disaster. In Thurrock, 31% of any new business rates that were levied were retained and a strong case needed to be made to Government that more business rates that were generated in Thurrock should be kept by the Council to help with the recovery.

The second lever, the sale of assets, in July included 19 village and community halls and 10 scout halls, Councillor Kent looked for assurance that these had been transferred to the organisations that currently used and ran them. He also looked for assurances on the future provisions of the children's centres in Aveley, Purfleet and Stanford. There were seven pubs and various parcels of land on the list and again he sought assurances that the Council would work with the leaseholders of those pubs to ensure they can continue to run their businesses. Councillor Kent had concerns on what might be on the list for the next £65 million, in particular the future of the Thameside and Grangewaters. There would need to be transparency over asset sales and avoid assets being sold for less than their full value.

On revenue savings Councillor Kent stated there would be two new bodies to oversee spending, the Expenditure Control Panel and the Strategic Approval Panel who would meet five times a week to look at any new spend over £500 and will need to be signed off by the relevant director. There would need to be revenue savings of £16 million for next year's budget and a minimum of 5% savings every year therefore for the foreseeable future. Spend on Adult and Children's social care placements would increase from 28.6% to 52.4%, in other words it would mean a portion of funding for every service that was not social care placements would be cut by a third. There was currently a review of all capital projects which would affect projects large and small, including the Grays Underpass and the Stanford le Hope Station. With the Council's

elements of the Purfleet Regeneration under real threat as well as limited scope for delivering smaller projects such as play equipment for parks.

Councillor Kent referred to the growth lever and looked forward to seeing more work done on this in the coming months. It was important the link between growth and asset disposal to ensure that strategically important parcels of land were not given up too cheaply. Regarding unexceptional support from Government, initial help from the Government would be in the form of a capitalisation direction and that all Members needed to understand that capitalisation direction was additional borrowing to close the deficit each year and any new borrowing would come from the Government's Public Work Loans Board. The Council needed to push Government not to agree a 1% premium but rather a discount on those loans. It would need to be made clear that the Council could not borrow itself out of this crisis, borrowing to close the gap and set budgets would be a sticking plaster until 2028/29. After that time the Council would be in a downward debt spiral with nothing left to sell and nowhere left to go. Councillor Kent concluded by asking whether Government would allow Thurrock to exist as we know it today. Once the BVI report was available next month, a detailed view of how this catastrophe had been allowed to happen would be available and may identify some of those responsible. There had been a complete failure of leadership, political and managerial that had led to the total collapse of the Council's finances and threatened the very existence of this authority.

Councillor Byrne questioned why residents should trust any councillor with residents' money ever again with the track record being so appalling, having the control of thousands of pounds without any due diligence, councillors having no finance knowledge or any expertise. Those that take control in May would be saddled with an outrageous debt. With the latest disasters, Stanford Le Hope car park, Stanford Le Hope Station, the Brewery Site and the A13 proved how poor the financial decision making had been and questioned whether the financial stability of the borough should continue with some 30 members. Councillor Byrne questioned the qualification of the portfolio holder. History had proved that Members could no longer rely on advice from officers with due diligence being non-existent, false promises being made to the opposition and a lack of financial awareness. Statistics proved that the Administration was way out of their depth and should not be trusted in future. Councillor Byrne questioned why cabinet members were still making false promises and were still building a wall of silence, even seeing photographic evidence of administration Members with Liam Kavanagh. Again, Councillor Byrne questioned whether any Conservative member could be trusted with the borough's finances. Never again should a handful of unqualified Members lead the Council. It was now time to stop showcasing, admit failings, be honest and admit they were not qualified to make decisions.

Councillor Massey reserved his right to speak.

Councillor Allen questioned whether Thurrock residents would be liable for the Council's debt and whether the residents could challenge the unjust rises in council tax if the recovery of such would be aimed at residents. Councillor

Allen also questioned whether the Council would use enforcement action to recoup this council tax and it was unfair and shameful to expect tax paying Thurrock residents to bear the heavy burden of those mistakes made by some within the Council. Councillor Allen stated if this was the case, he would oppose any further council tax rise and feared the forced sale of assets would be the loss of land which should be used for future development sites for social housing.

Councillor Kerin stated what had been presented this evening was catastrophic for Thurrock residents now and for decades to come. With the Administration's incompetence the Council was now billions in debt and bankrupt, with a £469 million funding black hole, increased by £490,000 for every day the Administration had been in charge of the borough. Councillor Kerin stated the real tragedy was the Administration had been warned many times but had refused to heed those warnings. With the Leader being at the top table since 2016 he had done nothing to stop the unsustainable debt. Following a finance report made by the former cabinet member for finance at a cabinet meeting in July 2021 there had been no detailed questioning, any heeds of warning or challenges made by Councillor Coxshall or any other cabinet member. At an extraordinary council in July 2020, it was quoted why other local authorities were not undertaking the good investments that the Thurrock's Section 151 Officer was undertaking and that the Section 151 Officer may be poached by another local authority, to which Councillor Kerin stated those comments had not aged well.

There were also efforts to frustrate the truth by removing Labour members from their scrutiny chair roles, £70,000 had been spent to avoid freedom of information requests, with the Leader of the Opposition having to put his name to legal action forcing the Council to come clean. Where today, every financial decision must be referred to the commissioner, Thurrock Council was now a vassal of Essex County Council, reduced to merely looking at what minimum statutory services look like, and await to see what Education and Children's Services would look like. An urgent report needed to be presented on the impacts this bankruptcy would have on the children of Thurrock. Councillor Kerin concluded that these were sad times for the borough with the price tag being paid by many generations to come.

Councillor Watson stated in her mind there were two scenarios for local authorities going into Section 114, some councils go into Section 114 because they cannot genuinely afford it and other councils go into Section 114 because they are reckless with investment strategies and borrowing, this was where Thurrock was today looking at a Section 114. Councillor Watson could not guarantee her ward residents the services they needed and that Thurrock residents should not be asked to bear the impact of the poor operations and poor decision making of senior officers and the Conservative Cabinet through extreme council tax increases or reduced services. She felt important preventative services, essential to the long-term wellbeing of residents and for the financial health of the council, were not sacrificed without a full review of the efficiency of the statutory services. The value that could be delivered through assets should be considered and not be led by the short term need to

reduce the debt by giving them away for free. Councillor Watson stated that having wanted to be a councillor for three years she was angry and livid that she had to stand here today for a council that she loved which had now gone bankrupt.

Councillor C Kent stated that as a member of the Standard and Audit Committee she had asked questions regarding the investments which had now become clear she had been given false reassurances. Councillor Kent asked the Leader that in the time that he had sat on Cabinet when the investment strategy and financial updates had been presented why he had never raised a single question. The Leader was also questioned on what responsibility he would take on the financial crisis the Council had now found itself in.

Councillor Holloway stated the Labour group always knew that there was something not quite right with the council finances and was sad that the damage of this had been inflicted on residents. Councillor Holloway stated she was angry and outraged. The financial situation of the Council had taken up so much time, energy and thoughts of the Labour group over the years, with calls for transparency falling on deaf ears. The Council would not be in this position if Conservative members had given that attention, thought and detail to the finances of the Council. Councillor Holloway stated the Labour group were purposefully and continuously blocked, scrutiny chair roles were removed, and freedom of information requests blocked. As no information on those finances were shared, the Labour group called an extraordinary council in July 2020. Councillor Holloway read out a couple of quotes from that meeting, one made by Councillor Coxshall and asked for a public apology not just for the comments made at that meeting but for all the years the Labour groups concerns had been dismissed. Councillor Holloway stated the line “we didn’t know” was now being used but stated this shamed the Conservative members, who had betrayed the electorate, those who had voted for them, who had given them the confidence and trust to administrate their council on their behalf.

Councillor Coxshall summed up by stating some of the comments were very helpful and was able to provide some assurances that business rates were an important lever, and that council tax was not the only lever. It was also important to look at the business retention. On the 2 September 2022 when Councillor Coxshall took over as leader of the council, one of the guiding principles of the Secretary of State was that this should not unduly burden taxpayers. He confirmed that the community asset that were leaving should be carried out as this was a revenue saving to the Council. Tenants were priority in the three R’s policy, and this had not changed. There was a need to maximise income from assets by not selling any assets under market value. Growth was ongoing and was an important lever which was a medium to long term activity which needed all Members to work together to deliver. Councillor Coxshall stated there had to be 49 Members or as many as possible to buy into policies coming forward and not just the vote of one party. With the cultural change being to ensure all Members make good decisions and understand those decisions. Councillor Coxshall guaranteed that heavy

handed enforcement would never be used. Councillor Coxshall reiterated that he was truly sorry, he looked every day at what he could have done, what he could have said, what he should have said in the public and what conversations could have taken place at that time. Councillor Coxshall stated that once the BVI had been published more information would be available.

Jonathan Wilson stated the Section 114 Notice would create the ability to seek further support from Government, with some of the concerns raised this evening being recognised. There was a positive ongoing dialogue with the commissioners and the departments amongst the commissioners and that relationships had to be maintained and consideration of those levers had to be undertaken in detail with them. Jonathan Wilson stated that only through an open communication with commissioners and with the departments would the best possible outcome be achieved for residents and the Council would need to play a part in that.

Councillor Kent stated Labour Members would not endorse recommendation 1.2 but would vote in favour to note this recommendation.

Members were asked to vote on the amended recommendation 1.2 of the report. The result of that vote was:

For: (42), Against: (0), Abstain: (0)

The new recommendation 1.2 would read to note rather than to endorse.

1.2 Note the Chief Executive's response to the Section 114 report, including the specific recommendations to Council set out in section 1 of the report. This includes the approval of Expenditure Control Processes put in place (and as set out in Appendix 4).

Members were then asked to vote on the recommendations 1.1 to 1.4 as a block to which to all 42 members present voted in favour.

RESOLVED. That Council:

- 1. Endorse the findings set out in the Section 114 report.**
- 2. Note the Chief Executive's response to the Section 114 report, including the specific recommendations to Council set out in section 1 of the report. This includes the approval of Expenditure Control Processes put in place (and as set out in Appendix 4).**
- 3. Note the Council's ongoing discussions with DLUHC in relation to the agreement of the exceptional financial support.**
- 4. Note the Chief Executive's response and that if it is not delivered, and/or sufficient savings are not identified, the s.151 Officer may issue a further s.114 report.**

The meeting finished at 7.57 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**