

Minutes of the Meeting of the Cabinet held on 13 September 2023 at 7.00 pm

The deadline for Call-ins is 25 September 2023 at 5.00pm

Present: Councillors Andrew Jefferies (Chair), Deborah Arnold (Deputy Chair), Adam Carter, George Coxshall, Barry Johnson, Ben Maney and Graham Snell

Apologies: Director of Human Resources, Organisational Development and Transformation

In attendance:

Mark Bradbury, Interim Director of Place
Asmat Hussain, Director of Legal and Governance and Monitoring Officer
Wendy Jackson, Head of HR, Resourcing and Improvement
Rob Large - Programme Director - Asset Disposal
Steven Mair, Interim Chief Financial Officer
Stephen Taylor, Head of Freeport
Rita Thakaria, Assistant Director Adult Community Health Services
Luke Tyson, Chief Intervention Officer
Jonathan Wilson, Interim Director Finance & S151 Officer
Rhiannon Whiteley, Senior Democratic Services Officer

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

159. Minutes

The minutes of the Cabinet meeting held on 12 July 2023 were approved as a correct record.

The exempt minutes of the Cabinet meeting held on 12 July 2023 were approved as a correct record.

160. Items of Urgent Business

There were no items of urgent business.

161. Declaration of Interests

No interests were declared.

162. Statements by the Leader

The Leader stated that there was a packed agenda to get through but he would like all members to participate in the debate tonight. The Leader expressed his disappointment that no non-executive members were in attendance at the meeting to ask questions. An extraordinary Full Council meeting is taking place tomorrow at a cost of £3000 to the taxpayer. The Leader highlighted that not one non-executive member has attended a Cabinet meeting when it is the perfect opportunity to hold the executive to account.

The Leader stated that tonight's Cabinet meeting is the first one since the Council has been in intervention for a year. The Leader commented that Thurrock Council is in a recovery process and has a bright future and he looks forward to delivery of this for everyone in Thurrock.

163. Briefings on Policy, Budget and Other Issues

Councillor Carter provided an update on the concrete issues in schools. Councillor Carter confirmed that yesterday he attended the Children's Services Overview and Scrutiny Committee as this issue was called as an urgent item of business. Councillor Carter confirmed it will be an agenda item at the next Committee meeting. Councillor Carter confirmed he will provide updates and briefings as soon as he receives the information. Councillor Carter expressed his thanks to senior offices who had been working hard to resolve these issues.

The Leader echoed Councillor Carter's comments and extended his thanks to the team, the Corporate Director of Children's Services and the Assistant Director for Education and Skills who have been working closely with schools who have not been able to open.

164. Petitions submitted by Members of the Public

No Petitions had been submitted by members of the public.

165. Questions from Non-Executive Members

No questions had been submitted by Non-Executive Members.

166. Matters Referred to the Cabinet for Consideration by an Overview and Scrutiny Committee

Other than those items already contained in the agenda, no items had been referred to the Cabinet for consideration by an Overview and Scrutiny Committee.

167. Progress on Thurrock Council's Improvement and Recovery

The Leader introduced the report and stated that the report is to look at where we are now and what the Council has been doing under intervention to date. The Leader highlighted that the report backs up the message that the Council is now in recovery and not crisis. Changes and Improvements have been made to Governance and the way reports are written and brought to Cabinet has changed to allow for better scrutiny. In terms of finance, a clear path has now been set. There will still be some hard decisions to make. There has also been a culture change in the way officers and Members interact.

Councillor Carter commented on page 24 that in the list of achievements to date report writing training to senior offices is included however this has not been completed.

Councillor Arnold responded that this was due to be finished by the end of this month. The template of the reports is changing and will be looked at in addition to the training programme. The aim is to improve the substance of reports as well as understanding how to write them.

Councillor Coxshall highlighted that it was important the report gets to Full Council as soon as possible so all members can get their teeth into it and ask questions. He commented that it was positive that this report will be provided quarterly for the benefit of residents too.

Councillor Johnson echoed Councillor Coxshall's comments and noted that the Commissioners Comments were absent from the report and it would have been beneficial for the Commissioners comments to have been provided.

The Leader responded that the Commissioners are in the process of preparing a report for Full Council.

Councillor Maney commented that it was important to state that the improvement plan is being worked on every day. Councillor Maney queried if the Constitution Working Group had sat yet as there were serious failings with regard to the Constitution.

Councillor Arnold responded that the Constitution Working Group has met once, the terms of reference has been agreed and an Officer's Constitution Working Group has also been established.

The Interim Director of Legal and Governance and Monitoring Officer confirmed the meetings are now in pace and they will be going through each part of the Constitution. The first meeting discussed the financial regulations and a report will be brought to Full Council shortly once the Constitution Working Group and General Services Committee have agreed the changes.

Councillor Snell queried if the Leader had found attending the staff roadshow beneficial.

The Leader responded that it had been really useful and commented that one team had come back with a report on how they can make savings and work better and it was really exciting to see this.

The Head of HR, Resourcing and Improvement stated that ongoing focus groups and feedback loops are in place as the Council goes through this process.

Councillor Arnold added that in terms of Governance and the project book, work is being completed on a love version. Councillor Arnold commented that they have been engaging with the Centre for Governance and Scrutiny and PWC.

RESOLVED:

That Cabinet:

- 1.1 Note the progress made on the Council's improvement and recovery.**
- 1.2 Agree to receive quarterly reports on progress.**
- 1.3 Note the work to develop an enhanced Improvement and Recovery Plan.**
- 1.4 Refer this report to Full Council for all Members to consider and comment on the progress to date.**

168. Re-Procurement of Contract - Managed Services for Temporary Agency Resources (Decision: 110665)

Councillor Snell introduced the report. Councillor Snell explained that since 2015 the Council has worked with a 'Managed Service Provider' (MSP) for the provision of its agency resources called Matrix. Their performance has been good throughout however the contract is up in December 2023. Councillor Snell confirmed a flexible and skilled workforce of agency staff is needed and there are two options being considered: -

- i.) the re-procurement of an agency worker contract using the ESPO MSTAR4 Framework 653F_23; or
- ii.) direct award to Essex County Council through the use of their DPS (Dynamic Purchasing System) and through the utilisation of ECC Recruitment Team.

Councillor Coxshall queried on page 37 whether another option had been considered.

Councillor Snell clarified that they had looked at if the Council was able to complete the procurement however it was not considered viable. It would require skills that the Council currently does not have, extra staff would be required and the Council does not have a relationship with agency companies.

Councillor Snell confirmed that Cabinet are not being asked to agree an option tonight.

Councillor Carter queried the risk '*Some specialist agencies may not sign up to supply to this model which can impact availability of skilled workers needed and could result in off-contract spend*'

The Head of HR, Resourcing and Improvement confirmed this was not a huge risk, some agencies may choose not to sign up to the agency agreement and the Council wouldn't want to be engaging with them if they are not on the framework.

Councillor Maney queried if 3 months was sufficient time to resolve this.

The Head of HR, Resourcing and Improvement confirmed it was, substantial research had been completed and they have just two final pieces to tie off regarding the Essex County Council option.

RESOLVED:

1.1 Cabinet agree to progress the re-procurement of an agency worker contract using the ESPO MSTAR4 Framework 653F_23 or direct award to Essex County Council through the use of their DPS (Dynamic Purchasing System) and through the utilisation of ECC Recruitment Team.

The new contract to commence on 15 December 2023, for a period of three years with an option to extend for one year.

1.2 Cabinet approve delegation to award to the Director of HR, OD and Transformation in consultation with the Chief Finance Officer and Portfolio Holder in order to ensure maximum lead in time should service transfer be necessary.

*Reason for the decision: as outlined in the report
This decision is subject to Call-in*

169. 2023/24 Quarter 1 Forecast Revenue and Capital Outturn (Decision: 110666)

Councillor Snell introduced the report and confirmed that the month 3 general fund position is a forecast underspend of £1.036m including the current assumed capitalisation directive of £180.159m as set out in the table on page 55 of the agenda. Councillor Snell acknowledged that Directors with overspends are to review their budget. Councillor Snell confirmed that the Housing Revenue Account, Dedicated School's Budget and Public Health budgets are expected to break even. There are £119m of General Fund projects that are currently on hold. The risks are detailed in section 4 on page 72 of the agenda. Councillor Snell also confirmed there has been an overspend on the IT budget.

Councillor Arnold commented that they all need to take responsibility in the recovery of the Council. Councillor Arnold requested better risk management reports to really understand the risk in corporate performance reports so

controls can be put in place for the risks identified. Councillor Arnold also queried whether there was a duplication of figures in appendix 1.

The Chief Financial Officer confirmed it could be that the expenditure has been split into different categories but he would check this and respond.

Councillor Snell responded that there is no triumph in underspends. There is a piece of work on risk management being completed and it is due to go to the Standards and Audit Committee next month.

The Leader stated that it was disappointing the Council's accounts audit has not been completed yet. Overspends need to be brought under control however he had confidence in the Chief Financial Officer and the Interim Director of Finance and S151 officer to do this.

RESOLVED:

- 1.1. That Cabinet note the overall forecast general fund outturn position for period 3 is an underspend of £1.036m.**
- 1.2. That Cabinet note that directors with significant adverse variances will continue to review directorate budgets and identify mitigating actions to resolve the forecast pressure against the 2023/24 budget.**
- 1.3. That Cabinet note the potential risks to the position listed noted in section 4 and the following specific risks noted within the report:**
 - a) There are an ongoing assessment of the investment portfolio values which will need to be reflected on an ongoing basis with the next update scheduled for Quarter 2.**
 - b) The requirement to change the accounting for cloud-based IT costs continues to be assessed in both the current and prior years and is likely to have a material short-term impact.**
 - c) There are ongoing wider financial accounting assessments related to prior periods which may also need to be considered.**

- 1.4. That Cabinet note the HRA, DSG and Public Health project to deliver the budget within the existing funding envelopes.**
- 1.5. That Cabinet note and comment on the capital programme, the current projected slippage of £7.46m and the impact on MRP.**
- 1.6. That Cabinet note that the position will remain provisional as further substantive work is undertaken, notably in preparation of historic accounts, which could have an impact on current or future years.**

Reason for the decision: as outlined in the report

This decision is subject to Call-in

170. Asset Disposals Programme - Recommended next tranche of properties for disposal (Decision: 110667)

Councillor Snell introduced the report and confirmed that it seeks Cabinet's approval to the properties listed in the exempt appendix to be sold.

The Cabinet meeting entered into an exempt session to discuss the exempt appendices.

RESOLVED:

- 1.1 We recommend that the attached schedule (Exempt) of property assets are now put on the market and sold.**
- 1.2 This recommendation for disposal is following recommendation by Strategic Property Board and Finance Recovery Board (FRB). Cabinet will delegate authority to agree the method and terms of disposals to the Director of Place in consultation with Property Board and FRB.**

Reason for the decision: as outlined in the report

This decision is subject to Call-in

171. Delivery of Thames Freeport as the Accountable Body (Decision: 110668)

The Cabinet meeting went into exempt session to discuss the exempt appendices.

Councillor Arnold introduced the report and stated that the Freeport was a great opportunity for Thurrock. It is forecast to deliver 21,000 + jobs, £4.6bn of public and private investment and to support regeneration and levelling up activity in line with Freeport policy objectives using retained business rates over the next 25 years. Thurrock has a number of functions in relation to the Freeport as the accountable body and the report describes the responsibilities

of the accountable body. Councillor Arnold highlighted recommendation 1.5 refers to the establishing a Thames Freeport Sub-Committee. Councillor Arnold confirmed that recommendation 1.4 has been amended from the report to include the '*Cabinet Member for Transformational Change, Communications and Governance*' and a hard copy of the amended recommendation has been provided to members and officers at the Cabinet Meeting.

RESOLVED:

Cabinet is asked to:

- 1.1 Approve the proposed arrangements of the Council to oversee the delivery of Thames Freeport**
- 1.2 Note the resource implications associated with delivery of Thames Freeport; £1m DHLUC capacity funding, £2.257m retained business rates and £25m Seed Capital funding**
- 1.3 Note the progress made to merge the Thames Freeport Final Business Case and Addendum (previous approved by Cabinet) into a single document, a consolidated Thames Freeport Business Case for submission to Government to prepare the Memorandum of Understanding between Government and Thames Freeport Partners.**
- 1.4 Delegate authority to the Chief Financial Officer (Section 151 Officer) in agreement with Commissioners and in consultation with the interim Director of Law and Governance (Monitoring Officer) the Chief Executive, the Cabinet Member for Transformational Change, Communications and Governance and the Leader to:
 - (i) finalise the consolidated Thames Freeport Business case;**
 - (ii) sign the finalised consolidated Thames Freeport Business Case on behalf of the Council;**
 - (iii) submit the consolidated Thames Freeport Business Case to Government on behalf of the Council.****
- 1.5 Approve the establishment of the Thames Freeport Committee as a Cabinet subcommittee, as set out in paragraph 3.7 .**
- 1.6 Note the progress made in developing Business Cases for Thames Freeport Seed Capital Projects and that a further report will be brought back to Cabinet in relation to Thames Freeport Seed Capital Projects.**
- 1.7 Note that legally binding agreements will need to be established between the Council, Thames Freeport Governing Body, Thames Freeport Operating Company and recipients of grant funding.**

These agreements are to support the Council to effectively discharge its obligations as the Accountable Body and Billing Authority, and also to effectively manage and monitor how money is spent in relation to Thames Freeport Projects and the operation of Thames Freeport. These issues will be brought back to Cabinet in a further report.

*Reason for the decision: as outlined in the report
This decision is subject to Call-in*

172. Financial Strategy Update (Decision: 110669)

The exempt appendices and information were discussed in the closed part of the meeting.

Councillor Snell explained that the report provides an update for Cabinet on work being undertaken to address the Council's financial challenges. It focuses on three areas:

- financial strategy
- divestment of the previous investments
- other financial management initiatives

Councillor Snell confirmed that the financial strategy aims to:

- sell £1.035bn of investments to the fullest extent possible and pay down debt.
- generate at least £150m of capital receipts and pay down debt
- save £18.2m from the revenue budget for next 2 years and a further £13.65m 7.5%, for each of the following 3 years

The plan is to divest 93% of the investment portfolio by March 2023. It is recommended that an indicative hurdle rate of 12% (i.e., 7% PWLB rate and 5% MRP) is set for investment yield / return, with anything yielding less being put forward for sale. The Council does not have the expertise to manage the investment portfolio without substantial external advice.

Litigation options are being explored.

RESOLVED:

2.1 It is recommended that Cabinet:

- i) notes the progress on the investment recovery and divestment strategy**
- ii) notes the progress being made on the other financial actions**
- iii) notes the urgent ED2 decisions made, copies of which are included in the Appendices to this report covering divestments and asset sales**

- iv) agrees the continued use of necessary advisors as required until completion of work associated with divestment of and recovery of value of investments including the conduct of litigation, subject to the review of the programme currently being undertaken by the Council's officers to be reported to Cabinet in November 2023 and the Leader, Finance PFH, Chief Executive and Commissioners being consulted before advisors are instructed on new work streams**
- v) agrees that the each council Director involved in delivering the strategy is in consultation with the Leader, Finance Portfolio Holder the Section 151 officer, the Monitoring Officer (where the Director does not fulfil one of those roles) and Commissioners is authorised within their professional area to:**

 - (a) subject to recommendation 2.1 iv), to procure and appoint the advisors using the most expeditious and efficient procurement process which is lawfully available under the Public Contract Regulations 2015 and that the financial thresholds in the Council's Contract Procedure Rules are waived for this purpose; and**
 - (b) to take all action necessary (within appropriate budgets) to ensure the implementation of the Council's recovery strategy if timescales do not allow for a report to Cabinet as long as a full update is provided at the next available Cabinet meeting.**
- vi) the Director of Law and Governance is authorised to the commence legal proceedings for the potential claims set out in Appendix B of this report where there is a supportive advice from a King's Counsel together with any associated action after consultation with the Leader Chief Executive, Section 151 Officer and Commissioner subject to reports on progress being brought to Cabinet.**
- vii) the Section 151 Officer in consultation with the Leader and Portfolio Holder, the Monitoring Officer and Commissioners is given delegated authority to take all action necessary to implement the divestment strategy where a divestment meets the criteria set out in the Direction subject to reports on progress being made to members.**
- viii) confirms that the main objective is to reduce the Council's exposure to financial risk by delivering a divestment strategy that optimises (sums and timing) receipts to repay the borrowings as long as doing so .secures best value using its criteria set out in this report**

- ix) **agrees an indicative hurdle rate of 12% (i.e., 7% PWLB rate and 5% MRP) is set for investment yield / return, with anything yielding less being put forward for sale, subject to the detail of the individual investment, the Council's contractual obligations and the ability to deliver value for money**

- x) **notes and agrees the review of the programme as set out in paragraph 4.70 and requests regular reports back to Cabinet on progress on the financial strategy**

*Reason for the decision: as outlined in the report
This decision is subject to Call-in*

The meeting finished at 8.30 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**