

Minutes of the Meeting of the Corporate Overview and Scrutiny Committee held on 6 October 2022 at 7.00 pm

Present: Councillors Paul Arnold (Vice-Chair), Alex Anderson (substitute), Adam Carter, John Kent and Sara Muldowney (substitute)

Apologies: Councillors Colin Churchman and Victoria Holloway

In attendance: Andy Best, Strategic Lead ICT
Jackie Hinchliffe, Director of HR, OD & Transformation
Karen Wheeler, Director Strategy, Engagement and Growth
Jonathan Wilson, Interim Director of Finance and S151 Officer
Lucy Tricker, Senior Democratic Services Officer

Before the start of the meeting, all present we're advised at the meeting was being recorded and live streamed, with the recording to be made available on the Council's website.

7. Minutes

The minutes of the meeting held on 12 July 2022 were approved as a true and correct record.

8. Declaration of Interests

There were no interests declared.

9. Items of Urgent Business

The Vice-Chair informed the Committee that one item of urgent business had been received, which was a briefing note providing an update on the Council's borrowing. The Vice-Chair asked if any Members had any comments or feedback on the briefing note. Councillor Muldowney questioned what the interest rates would be from the new Public Works Loan Board (PWLB). The Interim Director of Finance replied that the interest rates for PWLB were currently approximately 4.5%, although this could vary. He stated that PWLB could be cheaper than other loans and provided access to a wider market. Councillor Muldowney questioned what the previous interest rate for PWLB used to be. The Interim Director of Finance stated that interest rates for PWLB used to vary between 0.5% and 3.5%. Councillor Muldowney asked if interest rates could rise further, and if this would present additional risk to the Council. The Interim Director of Finance stated that the Council were currently seeking treasury management advice regarding the longer-term interest rates, as the market was no longer stable and remained subject to change. He added that the debt had been initially replaced with PWLB to create breathing space and this approach formed a key part of the intervention. He commented that further detail on PWLB would be brought to the Committee as part of the

Quarter 2 Financial report.

Councillor Kent highlighted that the Chancellor's mini budget had increased the interest rate for local authorities from 3.96% to 5.36%, and queried if Thurrock's loans had been taken out at the higher, 5.36% rate. The Interim Director of Finance explained that the loan had been taken out at 3.96% interest rate, but rates fluctuated almost daily, so this was subject to change. Councillor Kent asked if any future loans would be granted to Thurrock at the prevailing rate. He stated that the PWLB rate was linked to government bonds, so was liable to fluctuate. He asked if the finance team had undertaken any modelling to predict the level of interest debt repayment. The Interim Director of Finance agreed that the PWLB interest rate could fluctuate, and the process for monitoring this would be agreed through the Medium-Term Financial Strategy (MTFS). He stated that this could increase the level of debt at Thurrock, as approximately £836million of debt was being recycled into PWLB loans at an average 4.3% interest rate, and the finance team would be considering this differential, which could be approximately £20million. Councillor Kent questioned what the process for agreeing PWLB had been. The Interim Director of Finance explained that Thurrock had sought treasury management advice in response to stories in the local and national press, which had led to limited access on the local authority borrowing market. He stated that the intervention had begun on 2 September 2022, and at this point Thurrock had no access to the local authority borrowing market. He explained that the commissioners had worked with Thurrock to find funding and understand the requirements needed to reduce the debt and how it could be paid. He commented that once the commissioners understood the level of debt and the scale of the issue, they would be issuing a judgement on how the debt could be refinanced and repaid. He added that the commissioners had also been discussing how to reduce the debt level and ensure the Treasury Management Strategy was compliant. The Interim Director of Finance stated that the PWLB provided a short-term replacement market for the local authority borrowing market, and this could be reassessed. He stated that the approach had been agreed by the Treasury, Department of Housing, Levelling Up and Communities (DHLUC), the Commissioners, the Acting Leader, and the Portfolio Holder.

Councillor Carter asked if there was any flexibility in the current approach, particularly regarding interest rate changes. The Interim Director of Finance explained that Thurrock had been in conversation with DHLUC colleagues to address some of the short-term issues and interest rates. He explained that most of the debt was short-term, which would provide Thurrock the opportunity to reset, reconsider its wider options, and manage asset expectation. Councillor Muldowney sought clarification that the debt was not being paid off, but was being refinanced at a higher rate. She queried how the level of debt had reached approximately £1bn and what the Council's strategy for paying it off would be. The Interim Director of Finance explained that there were currently two workstreams being investigated by the commissioners: the first being forward looking, for example considering the scale of risk; and the second being backwards looking, for example considering the journey to this point. He explained that the Best Value (BV) inspection had begun on Monday

with a document review, and would be meeting with Members and senior officers, to examine how the Council got to this stage. He stated that their investigations would conclude on 3 January 2023 when Essex County Council would report to DHLUC, which would explain the journey here.

Councillor Anderson queried if the Council had considered any other alternatives to the PWLB. The Interim Director of Finance explained that the alternative to the PWLB was the local authority borrowing market, which Thurrock did not have wider access too, and which had higher rates than the PWLB. He explained that the PWLB offered the best rate and therefore made it the cheapest option available. The Vice-Chair summarised and stated that Members felt concerned regarding the current financial situation, but felt the briefing note had been useful and informative.

10. Financial Update - Quarter 1 2022/23

The Interim Director of Finance introduced the report and stated that it had been written before the intervention had begun, which was why the intervention was only briefly mentioned. He explained that the situation was moving quickly, but the Quarter 2 2022/23 finance report would include more detail on the situation, and would outline any capital loss and wider impacts, for example the Minimum Revenue Position. He stated that the financial position was fluctuating, which meant that there was currently a limited level of certainty, but regular reports would be brought forward to ensure regular monitoring.

The Interim Director of Finance felt that some service pressures within the Council were significant, but the Council and commissioners were working through a variety of solutions to these pressures that could be implemented next year. He stated that in the short-term, there was a pressure to balance the 2022/23 budget, but explained that this had been a challenge before the commissioners had started working with Thurrock. He explained that some of these pressures were being seen at a national level, for example pressures within Adults Social Care and Children's Social Care, although stated that this pressure was at a lower level compared to previous years. He added that there were also service pressures in areas such as home to school transport and employee cost pressures. He summarised and stated that the commissioners were working with the Council to assess the financial position and the Minimum Revenue Position (MRP).

Councillor Muldowney felt that refinancing debt at a higher interest rate might have implications on services already experiencing budgetary pressures. She asked if other pressures, such as an increase in inflation which was currently at approximately 10%, would affect the Council. She also asked how the Council would cover the cost of rising inflation, as central government had not committed to covering this rise. The Interim Director of Finance explained that central government would be providing a funding indication at the end of October, which would be finalised in December. The Interim Director of Finance added that a service review had started at the beginning of the year, which had identified service pressures and was working to reduce these. He

stated that at the beginning of the financial year, there had been a budget gap of £13million, and explained that £9million of funding to bridge this gap had been agreed, and £3million was in the process of being agreed. He explained that the Council were in the process of setting the budget for 2023/24 with the commissioners, although DHLUC needed to fully understand the scale of the problem before they could act. He explained that any savings made needed to be sustainable and deliverable to ensure that statutory services were maintained. He added that the commissioners would be working with Thurrock for three years. Councillor Muldowney questioned how long the issues would take to resolve, as the approximate figure appeared to be 20 years. The Interim Director of Finance explained that the Council, commissioners and DHLUC were working to find a sustainable solution, but 20 years was the usual first approximation. He explained that this was a historic methodology and could therefore be longer or shorter.

Councillor Kent highlighted the budget presented to Council in February 2022, which outlined that £3million of reserves would be used to bridge the gap. He queried if this figure was still correct. The Interim Director of Finance stated the reserves outlined in February 2022 still needed to be used, but additional service specific reserves would also need to be used, for example the Adult Social Care reserves, to support the service as there was significant demand. Councillor Kent queried how the home to school transport service would be affected, as he felt that some young people were no longer able to access this service, particularly those young people with special educational needs and disabilities. The Interim Director of Finance explained that home to school transport was experiencing pressures due to an increased caseload as there were now more SEND facilities in Thurrock. He stated that the rules and regulations regarding home to school transport were specific, and Thurrock had to meet their statutory duty, which meant Thurrock had limited control over who to offer the service. He explained that this budget was funded through the general fund, rather than the Dedicated Schools Grant. The Interim Director of Finance stated that although it was a statutory duty, the Council periodically reviewed the service. Councillor Kent felt that asset sales were not a sustainable way of increasing income, and asked if the £3.3million of asset sales in the budget had been achieved. The Interim Director of Finance confirmed that the asset sale figure of £3.3million had been achieved.

Councillor Kent highlighted that this was the first public meeting that had discussed the intervention, and sought clarity on how the Council had reached this position. He felt that Members had little understanding of the finance and investment strategy, but felt that an apology should be issued to residents and Members. Councillor Muldowney echoed Councillor Kent and felt that the investment strategy and Council finances needed to be thoroughly scrutinised, and questions asked. The Portfolio Holder for Finance stated that the Council would now be trying to bring forward as much information as possible to Committee's and Members to ensure increased transparency. He stated that the Council were still trying to find out how the financial situation had occurred, and this would not be reported on until the BV report in January 2023. He commented that reports or briefing notes would be brought forward regularly so all Councillors could see the process and make decisions.

RESOLVED: That the Committee:

1. Noted the Department of Levelling Up, Housing and Communities have put an intervention package in place and nominated Essex County Council as the Commissioners as set out in Section 2.

2. Commented on the forecast revenue and capital outturn positions for 2022/23.

3. Noted that additional action will be required to identify further savings to manage the reported General Fund budget pressures.

11. Digital and Customer Experience Strategy

The Director of HR, OD and Transformation introduced the report and explained that this was the first report that combined the digital and customer strategies and outlined the Council's digital ambitions framework to transform delivery and customer service through digital access. She stated that the report highlighted the four themes within the strategy:

1. Digital Thurrock – to promote growth through technology for residents.
2. Digital Customers - to increase digital access for residents 24/7.
3. Digital Office – to increase efficiency amongst officers using technology.
4. Digital Foundations – to provide reliable infrastructure and security whilst operating online.

The Director of HR, OD and Transformation highlighted 2.3 of the report which stated that the outcome of the strategy was to transform Thurrock and improve digital access. She stated that this strategy also helped meet budget pressures as it would enable efficiencies and maintain services whilst targeting specific resources.

The Vice-Chair thanked officers for the report, but felt concerned that some residents, such as elderly or vulnerable people, would not be able to access online services. He felt pleased to see that the registry office allowed for weddings to be streamed online, and asked how the business plan for the registrars would improve the service. The Director of Strategy, Engagement and Growth replied that the new digital registry office would allow people from across the world to take part in services such as weddings and citizenship ceremonies, and provide a refreshed approach. She stated that this model could be explored in other areas across the Council. Councillor Muldowney stated that a government review in 2019 had found that approximately 10% of the UK were digitally excluded, as some people could not access online services, could not afford broadband, or did not have the training or understanding needed. She asked how these residents would be included in the digital strategy. The Director of HR, OD and Transformation explained that Thurrock had undertaken research into digital exclusion as part of the consultation process for the Health and Wellbeing Strategy. She stated that this strategy would focus on the approach undertaken by the Council, for

example by encouraging online self-service but ensuring that alternatives and back-up options were in place for those who could not access the internet. She explained that the strategy would also encourage people to improve their digital ability, as this could improve other areas of their life that now utilised technology more, such as banking. The Director of Strategy, Engagement and Growth added that residents who could not access the internet could call the contact centre, who would help them over the phone or would refer them to the service directly. She added that the new reception in the Civic Offices was open, so residents could use the tablets, direct-dial phones, or speak to the reception staff who would try and help them with their query. She added that the libraries and hubs also contained direct-dial phones to the contact centre.

Councillor Muldowney highlighted page 57 of the report and asked what work had been undertaken to find out the impression of the Council by residents. The Director of Strategy, Engagement and Growth explained that research had been undertaken through the contact centre by providing residents who called with a satisfaction survey and other specific research questions. She added that the team also looked at complaints data and the end-to-end customer journey. Councillor Kent thanked officers for the report, but felt that the word 'customers' should not be used, as all customers were residents and did not have a choice in using the council. He felt that many Thurrock residents could not access the internet, for example some residents could not home educate their children during the pandemic as they could not afford broadband, and some care homes within Thurrock did not provide Wi-Fi for their residents. He asked if the team could consider schemes such as promoting Wi-Fi sharing amongst neighbours; free Wi-Fi in council-run care homes; or improved Wi-Fi options in places such as East Tilbury or Chadwell St Mary. He also queried how the team ensured consistent levels of service in the contact centre. Councillor Kent also asked if external consultation would take place regarding the proposed strategy. The Director of Strategy, Engagement and Growth explained that all residents could give feedback on their calls with the contact centre, and the contact centre currently had a 99% satisfaction rate. She added that the contact centre was also independently accredited through a rigorous annual process. She stated that consultation on the strategy could be undertaken through non-digital channels with the voluntary sector and CVS to reach specific groups, and the team were working with the Portfolio Holder to ensure hard to reach groups were also consulted. The Director of Strategy, Engagement and Growth stated that there was currently a full-fibre broadband programme running across south Essex to improve broadband connectivity, and as part of this sheltered housing complexes would have Wi-Fi installed.

RESOLVED: That the Committee:

1. Provided commentary, feedback and suggestions on the draft Digital and Customer Experience Strategy at Appendix 1.

12. Work Programme

Members did not have any items to add to the Work Programme.

The meeting finished at 8.26 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**