

Minutes of the Meeting of the Cabinet held on 22 February 2023 at 7.00 pm

The deadline for call-ins is Monday 6 March 2023 at 5.00pm.

Present: Councillors Mark Coxshall (Leader), Deborah Arnold (Deputy Leader), Qaisar Abbas, Jack Duffin, Andrew Jefferies, Barry Johnson, Ben Maney, Graham Snell and Luke Spillman

In attendance: Ceri Armstrong, Strategic Lead – Adult Social Care
Mark Bradbury, Director of Place
Asmat Hussain, Interim Director of Law and Governance, and Monitoring Officer
John Jones, Director Law & Governance, and Monitoring Officer
Gareth Moss, Interim Chief Financial Officer
Sheila Murphy, Corporate Director of Children's Services
Ewelina Sorbjan, Interim Director of Housing
Luke Tyson, Delivery and Strategy Manager
Ian Wake, Acting Chief Executive
Karen Wheeler, Director Strategy, Engagement and Growth
Jonathan Wilson, Interim Director of Finance and S151 Officer
Nicole Wood, Essex County Council Commissioner
Lucy Tricker, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting was being live-streamed and recorded; and would be uploaded to the Council's website.

97. Minutes

The minutes of the Cabinet meeting held on 11 January 2023 were approved as a true and correct record.

98. Items of Urgent Business

There were no items of urgent business.

99. Declaration of Interests

There were no interests declared.

100. Statements by the Leader

The Leader began his statement by explaining that Cabinet had to make tough decisions, such as the proposed rise in council tax, to ensure the Council could maintain statutory services for residents. He explained that historically Thurrock had had a low council tax base, due to previous decisions not to raise council tax in line with referendum levels, and this had a compound effect on the Council's ability to provide services such as adult

social care, bin collection, and payment of staff. He stated that Members needed to consider the budget carefully and ensure it was sustainable for the future.

101. Briefings on Policy, Budget and Other Issues

Councillor Maney explained he had met with officers, alongside Councillor Jefferies, to discuss the unauthorised developments in Buckles Lane, and they had requested an urgent Cabinet paper on the issue.

102. Petitions submitted by Members of the Public

No petitions had been submitted by members of the public.

103. Questions from Non-Executive Members

No questions had been submitted by Non-Executive Members.

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

Other than those items already contained within the agenda, no items had been referred to the Cabinet for their consideration by an overview and scrutiny committee.

105. Draft General Fund Budget 2023/24 (Decision: 110638)

Councillor Snell introduced the report and stated that the Quarter 2 2022/23 that had been submitted to Cabinet had shown a 2022/23 deficit of approximately £469mn, and a £180mn deficit in 2023/24, which had led to a Section 114 Notice being published on 19 December 2022, alongside a request to central government for exceptional financial support (EFS). He explained that the budget being presented to Cabinet assumed that central government would grant the request for EFS, but this was not guaranteed at this time. He explained that even if EFS was granted, the Council needed to work to mitigate the deficit through a 20-year financial strategy, which included raising council tax, disposing of assets, and revising the Minimum Revenue Position (MRP) policy, all of which was included in the report. He added that inflation was also having an impact on the Medium-Term Financial Strategy (MTFS) as gas and electricity prices had risen by approximately 10%; petrol prices had risen by 8.9%; and diesel prices had risen by 22%. He explained that the team monitored inflation rates carefully.

Councillor Snell moved on and explained that on 6 February 2023 the Department of Levelling Up, Housing, and Communities (DLUHC) had granted the Council dispensation to raise council tax rates above referendum levels, without holding a referendum. He stated that the finance team had carried out comparative work with other peer unitary authorities, and had found that Thurrock had a lower council tax base than its peers, which meant that the Council could not raise as much income to pay for services to

residents. He confirmed that a hardship fund of approximately £116,000 would be introduced, alongside the Local Council Tax Scheme, to ensure vulnerable residents received support paying their council tax. He stated that the budget presented to Cabinet assumed a 9.99% rise in council tax. He added that non-domestic rates would also be levied to increase income for the Council by approximately £7mn in 2023/24. Councillor Snell commented that the team were also undertaking research into a business rate pool with other local authorities, but an application needed to be submitted before this proposal could be progressed. He summarised and stated that the budget remained challenging, as it could only be balanced for 2023/24 with EFS from central government, but needed to be sustainable in the long-term.

The Interim Director of Finance explained that the Council needed to demonstrate to central government that they understood the scale of the financial challenge and were taking action to resolve these financial issues. He stated that the budget was being presented to Cabinet as a point in time report, as the context behind the budget was continually moving, and presented underlying fragility. He stated that the team were now reversing one-off measures and working to deliver savings to work towards a sustainable budget. The Interim Director of Finance explained that core service pressures were now outweighing council income, which had led to a £180m budget gap, which had been compounded by investment income issues. He added that the council were carefully monitoring interest rates and working on the divestment of assets and investments, as well as MRP charges that remained high and presented additional risks. He stated that the Council had to demonstrate to government they were working to mitigate financial issues, and this had to include the proposal to raise council tax. He described how the Council's finances were now exposed to risk and this could present a problem in achieving financial sustainability through the 20-year model. He stated that conversations between the Council, central government, and commissioners remained ongoing to resolve financial issues, and this included considering all areas of the Council including fees and charges, to find further solutions and new innovations.

The Interim Director of Finance moved on and explained that the proposal to raise council tax was important as the Council were starting from a low council tax base, but a hardship fund would be introduced to ensure vulnerable residents received support. He highlighted the S25 Statement at Appendix 8 and explained that it was unusual as the proposed budget assumed EFS from central government, and this had not yet been agreed. He stated that the Council needed to continue to engage positively with the commissioner and intervention process, as well as key partners, to take action and resolve the Council's financial crisis.

The Leader thanked Councillor Snell and officers for the report and felt that the proposed rise in council tax was important to ensure the future of Thurrock Council. He stated that the Council had to take tough decisions and do the right thing for the future sustainability of Thurrock. He stated that the budget presented a restart for the Council to undertake a new way of working and improving the culture, as well as ensuring future proposed regeneration could

take place. He added that as council tax had not been raised to referendum limits in the past, Thurrock Council had lost approximately £50mn in compound tax collections.

Councillor Spillman questioned the structural deficit of the Council if investment issues were removed. The Interim Director of Finance explained that the Council had a deficit of approximately £17.7mn of service pressure, which represented the difference between income, growth and savings; and service costs. He stated that further savings would need to be delivered within 2023/24 and the capital programme was being reviewed. The Interim Director of Finance explained that previous decisions not to raise council tax also meant that the Council's budget base was smaller than other comparable unitary authorities. Councillor Spillman supported the budget as he felt it would help to ensure the viability of the Council and would help to close the structural deficits. The Deputy Leader agreed with the proposals to raise council tax, as it would help to ensure that frontline care such as staff, equipment, and residential care continued to be provided to vulnerable residents. She added that the £1.5mn raised through the Adult Social Care precept increase would help to provide these services, but would not fully close the £4mn service pressure. Councillor Spillman asked which services would be cut if Council only agreed to raise council tax by 4.99%. The Interim Director of Finance explained that if council tax was raised by 4.99%, compared to 7.99%, this would increase the Council's deficit by approximately £2.3mn. He stated that if this was the case, the Council would need to undergo further service transformation.

The Leader highlighted that if council tax was not increased, this would have a compound affect for the next 20 or 30 years, and Members needed to ensure the Council was financially sustainable. Councillor Abbas supported the budget as he felt it would protect statutory services for residents, but highlighted 3.9 of the report and asked what further adjustments would be made in future. The Essex County Council (ECC) Commissioner stated that although the budget was detailed, further work needed to be undertaken, for example the Quarter 1 review of fees and charges; and a fuller review of the capital programme and further potential savings in this area. She stated that the budget represented a point in time and further service transformation would be required in 2023/24. She added that central government would place conditions on the EFS, if it was granted, for example regarding the disposal programme. She highlighted that the EFS request for £630mn over 2022/23 and 23/24 had been submitted to the minister, but was not yet approved as the Council were waiting for a 'minded to' letter. The Leader stated that all Members needed to work together on the budget. He thanked the commissioners and the finance team for their hard work on the budget. Councillor Spillman echoed the Leader's comments and thanked the finance team for their hard work.

The recommendations were moved by the Leader, and seconded by Councillor Snell. All Cabinet Members agreed the recommendations as listed below.

RESOLVED: That Cabinet:

- 1. Commented on the proposed updates to the Medium-Term Financial Strategy including the deficit positions set out in each year.**
- 2. Noted on 6 February 2023 Thurrock Council was granted permission by the levelling up minister to raise council tax by an extra 5% to 10% without the need for a local referendum.**
- 3. Noted the paper assumed as council tax increase of 7.99%, as per paragraph 9.6.**
- 4. Supported a 2% Adult Social Care precept increase as per paragraph 9.6, and noted that this will be used to fund increased demand and provider fees with older people care services.**
- 5. Noted the council tax requirement of £82.355m as per section 8.**
- 6. Noted the net cost of services requirement is £327.647m as per paragraph 8.1.**
- 7. Noted the proposed savings as per section 12 and Appendix 4 and noted that these are insufficient to address the funding gap without the need to seek exceptional financial support from government.**
- 8. Noted that exceptional financial support is required to balance the 2023/24 budget and discussions with central government are ongoing, as per Appendix 3.**
- 9. Noted the budget had been set based on the assumption that the request for exceptional financial support in respect of the 2022/23 budget deficit is granted.**
- 10. Noted the changes to the capital programme as set out in the report and associated appendices.**
- 11. Noted the impact of the new Prudential Borrowing on the debt levels of the Council as set out in Appendix 5.**
- 12. Noted the capital programme will be subject to a further review as set out in the report and following the issue of a Section 114 Notice.**
- 13. Noted the projected revenue impact of the Minimum Revenue Position (MRP) costs as set out in Section 14.25.**
- 14. Commented on the proposed delegation to Cabinet to approve additions to the programme based on the criteria set out in section 14.24.**
- 15. Noted the Dedicated School's Budget is set out at £51.258m as per**

paragraph 15.13.

16. Commented on the draft budget proposals within this report to inform the final budget proposals to be presented to Full Council on 1 March 2023.

17. Noted further reviews have been commissioned into the fees and charges policy and the pay policy as per paragraph 9.23 and 10.4 respectively.

18. Noted the Council's position on Reserves, recognising the unique situation the Council faces and a need to revisit the adequacy of Reserves as savings and service transformation are affected during 2023/24.

19. Noted that work on the budget will continue during 2023/24, with more savings required to Council services.

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

106. Treasury Management Strategy 2023/24 (Decision: 110639)

The Interim Director of Finance introduced the report and stated that three of the original intervention directives linked to the Treasury Management Strategy, and these were: writing a new Strategy; introducing a plan for debt reduction; and revising the Council's MRP and debt write-down strategy. He explained that these directives were included in the new strategy, which also included cashflow management; funding; the capital programme; investment strategy; and debt strategy. He stated that capital programme planned expenditure was listed at page 36, but no future investments would be undertaken to pay for these projects. He highlighted page 39 of the report and stated that the Council retained approximately £1bn of investment, but the Council would be seeking to divest these as outlined in the borrowing strategy. He explained that the MRP was linked to the level of deficit, which made up £74m of the £180mn budget gap, but the team were working to reset the policy in relation to investments, particularly the solar and wind farm investments. He stated that some investments had a 20-year life span, but these would be written down using the new debt strategy, which was forward compliant with the Prudential Code. He felt that this put the Council in a good position, as other Councils had to grapple with the new Prudential Code, and were not receiving the level of support that Thurrock were receiving.

The Interim Director of Finance explained that the Council still had a capital financing borrowing requirement, and this could present a risk to the Council until it was written down through the MRP. He explained that if this process had been followed in the past, it would have provided the Council with more financial protection. He added that one of the capitalisation directives was to divest investments, although this would not cover the total cost of debt, and therefore remained an unresolved problem, which the Council were working

closely with commissioners and central government on. He highlighted page 62 of the report, which outlined the borrowing strategy. He explained that the Council were working to divest investments, but the current borrowing strategy represented a holding position. He felt hopeful that the Toucan investment would be divested within the next financial year, and the speed of divestment would help to stop significant financial pressures and reduce the MRP charge. He added that the team were working on borrowing as it matured, for example by replacing inter-authority borrowing with Public Works Loan Board borrowing, but this would be impacted by the speed of divestment. He added that an update on the Treasury Management Strategy would be brought back to Cabinet mid-year in 2023/24, as this report represented a holding position based on the assumption of EFS being granted.

The Leader highlighted page 62 of the report and stated that the Toucan asset was the largest asset and needed to be divested quickly within the next financial year to reduce interest payments. He also sought assurance that this Strategy was compliant with the Prudential Code, as previously strategies presented to Members had not been compliant. The Interim Director of Finance assured Members that the report was compliant with the current Prudential Code and would be forward compliant with the next Prudential Code iteration. The Interim Chief Finance Officer added that the strategy had gone through a rigorous checking process, which had been externally reviewed for its robustness. He added that it had also received independent verification and gone through an external comment process. The ECC Commissioner added that a compliant MRP was one of the government directives, and CIPFA had reviewed the document for compliance. She added that further costs may be identified through the process and further financial issues may arise, for example the 2020/21 accounts remained open, and work was pending on the HRA and associated companies. She added that no issues had thus far been found, but work was still ongoing.

The Deputy Leader highlighted pages 41-42 of the report and asked if Members would receive further training on investments and liquidity. She also asked for a complete table of all investments in one document. The Interim Chief Financial Officer replied that he would provide this document for Members. Councillor Johnson thanked officers for their assurances regarding the Treasury Management Strategy compliance, and asked if updates on the Strategy could be provided at every Cabinet meeting. The Interim Chief Financial Officer explained that the Treasury Management Strategy would be presented regularly at the Investment Advisory Panel, if agreed at Cabinet, and the outcomes from the Investment Advisory Panel would be presented to Cabinet.

The recommendations were moved by the Leader, and seconded by Councillor Snell. All Cabinet Members agreed the recommendations as listed below.

RESOLVED: That Cabinet:

Recommended that Full Council:

- 1. Approve the Treasury Management Strategy for 2023/24 including the approval of the Annual Minimum Revenue Position (MPR) statement for 2023/24.**
- 2. Notes comments from the Corporate Overview and Scrutiny Committee on the 2023/24 Treasury Management Strategy for consideration.**
- 3. Considers the current assumptions (as set out on page 3 of the Strategy) underpinning the Treasury Management Strategy and note that this will be subject to further updates in 2023/24.**
- 4. Considers the strategy in the context of the directions issued by the Secretary of State for Levelling Up, Homes and Communities and specifically the need for a strict debt reduction plan.**
- 5. Notes the increase in the Council's Capital Financing Requirement (CFR) in 2022/23 as a result of the expected support from DLUHC in the form of a capitalisation direction, as set out in section 3.16.**
- 6. Notes the divestment of investments and the sale of property assets are required to repay the Exceptional Financial Support from DLUHC and this is a key assumption supporting the strategy.**
- 7. Notes the Council's borrowing level will exceed the CFR in 2022/23 but is planned to be managed within this from 2023/24 and onwards, as set out in section 3.17.**
- 8. Notes the Prudential indicators included within the strategy that show commercial capital investments are generating net losses to the Council in the context of the revised MRP charges and current and projected interest rates, as set out in section 3.6.**
- 9. Notes that the borrowing strategy supporting the commercial investment portfolio will be reset alongside wider revisions to the strategy in 2023/24.**

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

107. Fees and Charges Pricing Strategy 2023/24 (Decision: 110640)

Councillor Snell introduced the report and explained that it provided a list of future fees and charges from 1 April 2023. He stated that fees and charges would raise approximately £7.641mn income for the Council, which was an increase of 4% on 2022/23. Councillor Snell confirmed that fees and charges were being reviewed and this would be presented to Cabinet in Quarter 1 2023/24.

Councillor Johnson questioned why Cabinet Members were not listed as receiving delegated authority for in-year fees and charges amendments. The Director of Law and Governance suggested that “in consultation with the relevant Portfolio Holder” was added to recommendation 2. This amendment was agreed by all Cabinet Members.

The Deputy Leader felt it was good to see a review of fees and charges would be occurring. She highlighted that some Adult Social Care fees and charges were means-tested so vulnerable residents could continue to access services. She highlighted the removed charge relating to meals on wheels, but confirmed that the service would continue for residents, but would be delivered in a different way. The Leader echoed these comments and felt it was good to see fees and charges would be reviewed. He highlighted the fees for weddings and registrars, and asked if the numbers of people getting married had increased. The Director of Strategy, Engagement and Growth replied that this figure had increased throughout 2022/23. The Deputy Leader thanked the registrars’ team for their hard work, and confirmed that she had got married in the new registrars’ office and had enjoyed her day.

The recommendations, including the amendment to recommendation 2, were proposed by the Leader, and seconded by Councillor Snell. All Cabinet Members agreed the recommendations as listed below.

RESOLVED: That Cabinet:

- 1. Agreed the proposed fees and charges, including those no longer applicable, as per Appendices 1 and 2.**
- 2. Approved delegated authority to the following Directors, in consultation with the relevant Portfolio Holders, to vary Fees and Charges for the respective service area within the financial year 2023/24 in response to legal and regulatory requirements only:**
 - i. Director of Strategy, Engagement and Growth (para 4)**
 - ii. Director of Public Realm (para 4,5)**
 - iii. Director of Place (para 4,5)**
 - iv. Director of Adult Social Care and Community (para 6)**
 - v. Director of Housing (para 7)**
 - vi. Director of Children’s Services (para 8)**
- 3. Considered the feedback and additional information from all Overview and Scrutiny Committee meetings and additional meetings held in relation to fees and charges, as per Appendices 3, 4, and 5.**
- 4. Noted the requirement for a detailed review of our Fees and Charges in Quarter 1 2023/24 alongside a revision of our strategy for raising income and fee charging policy.**

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

**108. Housing Revenue Account - Rent Setting and Budgets 2023/24
(Decision: 110641)**

Councillor Spillman introduced the report and stated that it proposed an increase of 7% to rents, and 11% to service charges. He explained that even with these proposals, the service would still be in deficit and was lower than inflation, which was currently 11 + 1%. He explained that the increase in rents and charges would raise approximately £2.974mn, but the service was currently in £4.269m deficit. He thanked the housing team and Interim Director of Housing for their hard work, for the engagement afforded to him in the budget setting process, and for the level of detail contained within the report. He stated that the service would need to make tough decisions such as keeping open vacancies, increasing service charges, and stopping some non-statutory services. He added that there were risks associated with the budget, such as the increase in costs; the increase in the number of people presenting homeless, which had increased across the UK; and new legislation regarding damp and mould which could have cost implications. Councillor Spillman explained that due to the Council's financial situation some capital projects in the HRA were no longer viable and would be reviewed, but he felt the team had to set a sustainable budget for the future of Thurrock.

Councillor Abbas supported the proposals, but questioned how the Council could explain a 7% increase to rent. Councillor Spillman explained that there was currently a national housing crisis in the UK. He stated that there would be a contingency fund in place for those residents who struggled to pay their rent, and the rent team would work closely with residents on financial inclusion to avoid residents going into debt. The Interim Director of Housing explained that the budget had been stress-tested to ensure it was sustainable and prepared for every eventuality. Councillor Snell queried if the proposed Blackshots development would be continuing. Councillor Spillman explained that the commissioners were currently considering the plans, and a Cabinet paper would hopefully be delivered at the next Cabinet meeting.

The recommendations were moved by the Leader, and seconded by Councillor Spillman. All Cabinet Members agreed the recommendations as listed below.

RESOLVED: That Cabinet:

- 1. Supported the proposed changes in the base budget for 2023/24 (as set out in Table 1).**
- 2. Supported the proposed increase in domestic rent charges of 7%, in line with the 30-year HRA business plan, to be implemented from 3 April 2023.**
- 3. Supported the proposed increase in service charges to reflect the**

cost of running each service in line with the budget estimate from 3 April 2023.

4. Supported the proposed charges for garage rents (para 3.10) to be implemented from 3 April 2023.

5. Supported the proposed increase in Traveller sites rent (para 3.11) to be implemented from 3 April 2023.

6. Supported the proposed Capital Programme schemes as detailed in Table 5 (para 3.13).

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

109. Establishing the Strategic Investment Advisory Panel

The Leader introduced the report and stated that it proposed a new Investment Advisory Panel to ensure openness and transparency within the Council, and to allow residents to see decisions and outcomes relating to investments. Councillor Jefferies felt pleased to see a formal Advisory Panel would now be in place and felt it was a good step forward for the Council. The Deputy Leader highlighted 2.6, 2.7, and 4.1 of the report and felt pleased to see the positive and proactive measures being implemented. She asked if the requirement for mandatory training could be included in the Terms of Reference. The Director of Law and Governance stated that the requirement for mandatory training was listed at 3.7 of the report, but could be included in the Terms of Reference.

Councillor Maney queried what the relationship between the new Advisory Panel and the Corporate Overview and Scrutiny Committee would be. He also questioned if the Advisory Panel meeting quarterly would be often enough. The Leader explained that the meeting dates would be in the diary quarterly, but the Chair could call meetings more often depending on the workload. He added that the Advisory Panel would feed into both Cabinet and the Corporate Overview and Scrutiny Committee, to ensure both bodies had a good understanding regarding investments. He added that the Advisory Panel would report to the Leader and Cabinet, but the Chair of the Corporate Overview and Scrutiny Committee could request reports. Councillor Abbas queried if there would be a limit on the number of co-optees on the Panel, and if they would be paid an allowance. The Director of Law and Governance explained that co-optees would be brought onto the Panel to discuss areas of specialist knowledge, on an ad-hoc basis. The Leader added that their allowance would be agreed by the independent remuneration panel, who would be meeting during 2023/24. The Leader thanked the outgoing Monitoring Officer for his hard during his time at Thurrock Council, and welcomed the new Director of Law and Governance, and Monitoring Officer to the role.

The recommendations were moved by the Leader, and seconded by

Councillor Snell. All Cabinet Members approved the recommendations as listed below.

RESOLVED: That Cabinet:

- 1. Established the Strategic Investment Advisory Panel as outlined in Section 3 and Appendix 1 of the report.**
- 2. Requested Council to endorse the panel and terms of reference, and agree to the necessary appointments to the panel.**

The meeting finished at 8.35 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