

Thurrock - An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

## Council

To the Members of Thurrock Council

The next meeting of the Council will be held at **7.00 pm** on **28 June 2023**

**Council Chamber, Civic Offices, New Road, Grays, Essex RM17 6SL**

### Membership of the Council:

Susan Little (Mayor)

Qaisar Abbas (Deputy Mayor)

John Allen  
Alex Anderson  
Deborah Arnold  
Paul Arnold  
Gary Byrne  
Adam Carter  
John Cecil  
Daniel Chukwu  
Gary Collins  
George Coxshall  
Jack Duffin  
Tony Fish  
Robert Gledhill  
Aaron Green  
James Halden  
Vikki Hartstean

Mark Hooper  
Mark Hurrell  
Andrew Jefferies  
Barry Johnson  
Tom Kelly  
Cathy Kent  
John Kent  
Martin Kerin  
Steve Liddiard  
Ben Maney  
Jacqui Maney  
Cici Manwa  
Fraser Massey  
Valerie Morris-Cook  
Sara Muldowney  
Augustine Ononaji

Srikanth Panjala  
Maureen Pearce  
Terry Piccolo  
Georgette Polley  
Kairen Raper  
Joycelyn Redsell  
Elizabeth Rigby  
Sue Sammons  
Sue Shinnick  
Graham Snell  
Neil Speight  
Luke Spillman  
James Thandi  
Lee Watson  
Lynn Worrall



**Dr Dave Smith**  
**Chief Executive**

Agenda published on: 20 June 2023



## Agenda

Open to Public and Press

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<b>1 Presentation of the Mayor's Consort Chains</b>	
<b>2 Apologies for absence</b>	
<b>3 Minutes</b>	<b>11 - 20</b>
To approve as a correct record the Minutes of the meeting of the Council, held on 24 May 2023.	
<b>4 Items of Urgent Business</b>	
To receive additional items that the Mayor is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972.	
<b>5 Declaration of Interests</b>	
To receive any declaration of interests from Members.	
<b>6 Announcements on behalf of the Mayor or the Leader of the Council</b>	
<b>7 Questions from Members of the Public</b>	<b>21 - 22</b>
In accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.	
<b>8 Petitions from Members of the Public and Councillors</b>	
In accordance with Chapter 2, Part 2(Rule 14) of the Council's Constitution.	
<b>9 Petitions Update Report</b>	<b>23 - 24</b>
<b>10 Appointments to Committees and Outside Bodies, Statutory and Other Panels</b>	
The Council are asked to agree any changes to the appointments made to committees and outside bodies, statutory and other panels, as requested by Group Leaders.	

<b>11</b>	<b>Overview and Scrutiny Annual Report 2022/23</b>	<b>25 - 42</b>
<b>12</b>	<b>Best Value Inspection Report</b>	<b>43 - 158</b>
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In accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.

<b>14</b>	<b>Reports from Members representing the Council on Outside Bodies</b>
<b>15</b>	<b>Minutes of Committees</b>

Name of Committee	Date
Hidden and Extreme Harms Prevention Committee	15 December 2022
Standard and Audit Committee	24 November 2022
Planning Transport and Regeneration Overview and Scrutiny Committee	26 January 2023
Housing Overview and Scrutiny Committee	10 January 2023
Health and Wellbeing Overview and Scrutiny Committee	12 January 2023
Children's Services Overview and Scrutiny Committee	17 January 2023
Planning Committee	9 February 2023
Corporate Parenting Committee	4 January 2023
Standing Advisory Council on Religious Education	18 January 2023
Planning Committee	16 March 2023
Planning Committee	6 April 2023
Cleaner Greener and Safer Overview and Scrutiny Committee	24 January 2023
Cleaner Greener and Safer Overview and	27 February 2023

Scrutiny Committee	
Children's Services Overview and Scrutiny Committee	14 March 2023

- 16 Update on motions resolved at Council during the previous year 163 - 164**
- 17 Motion submitted by Councillor J Kent 165 - 166**
- 18 Motion submitted by Councillor Speight 167 - 168**
- 19 Motion submitted by Councillor J Kent 169 - 170**

**Queries regarding this Agenda or notification of apologies:**

Please contact Jenny Shade, Senior Democratic Services Officer by sending an email to [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

**Future Dates of Council:**

26 July 2023, 27 September 2023, 25 October 2023, 29 November 2023, 31 January 2024, 28 February 2024 (Budget), 20 March 2024

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## **Information for members of the public and councillors**

### **Access to Information and Meetings**

#### **Advice Regarding Public Attendance at Meetings**

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If you have any queries regarding this, please contact Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

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- Enter the password **Thurrock** to connect to/join the Wi-Fi network.
- A Terms & Conditions page should appear and you have to accept these before you can begin using Wi-Fi. Some devices require you to access your browser to bring up the Terms & Conditions page, which you must accept.

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- Access the modern.gov app
- Enter your username and password



# DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

## Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

## When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

**What is a Non-Pecuniary interest?** – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

### Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

**Unless you have received dispensation upon previous application from the Monitoring Officer, you must:**

- **Not participate or participate further in any discussion of the matter at a meeting;**
- **Not participate in any vote or further vote taken at the meeting; and**
- **leave the room while the item is being considered/voted upon**

**If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps**

### Non-pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



**You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.**

## PROCEDURE FOR MOTIONS

No speech may exceed 4 minutes without the consent of the Mayor [Rule 19.8], except for the proposer of any motion who shall have 5 minutes to move that motion (except on a motion to amend where the 4 minute time shall apply) [Rule 19.8(a)]

**All Motions will follow Section A and then either Section B or C**

- |           |    |  |                            |
|-----------|----|--|----------------------------|
| <b>A.</b> | A1 | Motion is moved                            | [Rule 19.2]                |
|           | A2 | Mover speaks                               | [Rule 19.8(a) (5 minutes)] |
|           | A3 | Seconded                                   | [Rule 19.2]                |
|           | A4 | Secunder speaks or reserves right to speak | [Rule 19.3] (4 minutes)    |

Then the procedure will move to either B or C below:

<b>B.</b>		<b>C.</b>	
<b>IF there is an AMENDMENT (please see Rule 19.23)</b>		<b>If NOT amended i.e. original motion</b>	
B1	The mover of the amendment shall speak (4 mins).	C1	Debate.
B2	The seconder of the amendment shall speak unless he or she has reserved their speech (4 mins).	C2	If the seconder of the motion has reserved their speeches, they shall then speak.
B3	<b>THEN</b> debate on <b>the subject</b> .	C3	The mover of the substantive motion shall have the final right of reply.
B4	If the seconder of the substantive motion and the amendment reserved their speeches, they shall then speak.	C4	Vote on motion.
B5	The mover of the amendment shall have a right of reply.		
B6	The mover of the substantive motion shall have the final right of reply.		
B7	Vote on amendment.		
B8	A vote shall be taken on the substantive motion, as amended if appropriate, without further debate.		

## Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1. **People** – a borough where people of all ages are proud to work and play, live and stay
  - High quality, consistent and accessible public services which are right first time
  - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
  - Communities are empowered to make choices and be safer and stronger together
  
2. **Place** – a heritage-rich borough which is ambitious for its future
  - Roads, houses and public spaces that connect people and places
  - Clean environments that everyone has reason to take pride in
  - Fewer public buildings with better services
  
3. **Prosperity** – a borough which enables everyone to achieve their aspirations
  - Attractive opportunities for businesses and investors to enhance the local economy
  - Vocational and academic education, skills and job opportunities for all
  - Commercial, entrepreneurial and connected public services

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## **WW2 in Memoriam**

### **Remembering Thurrock's Fallen : Civilian Deaths due to enemy action and Roll of Honour**

Today we share names on the Roll of Honour. These are people whose home address was shown as Thurrock who lost their lives during the Second World War whilst serving with the armed forces or merchant navy.

In recognition of the adversity and bravery experienced by ordinary people in Thurrock civilian deaths are also noted here in relevant months. 101 non-combatants were killed in Thurrock between 1939 and 1945 who will also be remembered.

A special thanks to Museum volunteer Pam Purkiss for compiling the Roll of Honour information. Civilians added by Valina Bowman-Burns from Thurrock Museum.

The names have been listed in date order.

#### **June 1943**

FARAWAY Arthur L  
BRANDON Henry P  
ADAMS Frederick Thomas  
GAME George T C  
COVENTRY John H  
EASON John S

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## *Mayoral Roll of Honour*

*The Roll of Honour has been introduced to recognise and celebrate charities, businesses, individuals, and community groups that have strived to make Thurrock a greater place to live, work, learn and play.*

*To be announced at next month's Council*



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## Minutes of the Meeting of the Annual Council held on 24 May 2023 at 7.00 pm

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**Present:** Councillors James Halden (Mayor), Susan Little (Deputy Mayor), Qaisar Abbas, John Allen, Alex Anderson, Deborah Arnold, Paul Arnold, Gary Byrne, Adam Carter, John Cecil, Daniel Chukwu, Gary Collins, George Coxshall, Tony Fish, Robert Gledhill, Aaron Green, Vikki Hartstean, Mark Hooper, Mark Hurrell, Andrew Jefferies, Barry Johnson, Tom Kelly, Cathy Kent, John Kent, Martin Kerin, Steve Liddiard, Ben Maney, Jacqui Maney, Cici Manwa, Fraser Massey, Valerie Morris-Cook, Sara Muldowney, Augustine Ononaji, Srikanth Panjala, Maureen Pearce, Terry Piccolo, Georgette Polley, Kairen Raper, Joycelyn Redsell, Elizabeth Rigby, Sue Sammons, Sue Shinnick, Graham Snell, Neil Speight, Luke Spillman, James Thandi, Lee Watson and Lynn Worrall

**Apologies:** Councillor Duffin (*arrived at 7.30pm*)

**In attendance:** Mark Bradbury, Interim Director of Place  
Jackie Hinchliffe, Director of HR, OD & Transformation  
Asmat Hussain, Director of Law and Governance  
Alix MacFarlane, Communications Advisor  
Patrick McDermott, Chief of Staff to the Thurrock Commissioners  
Steven Mair, Interim Chief Financial Officer  
Sheila Murphy, Corporate Director of Children's Services  
Kerry Thomas, Chief Executive Business Manager  
Luke Tyson, Chief Intervention Officer  
Ian Wake, Corporate Director of Adults, Housing and Health  
Jonathan Wilson, Interim Director Finance & S151 Officer  
Nicole Wood, ECC Best Value Commissioner  
Matthew Boulter, Democratic Services Manager and Deputy Monitoring Officer  
Jenny Shade, Senior Democratic Services Officer

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

A minute's silence was held in honour of former Councillor Gordon Barton who had sadly passed.

Councillor Halden thanked members for giving him the privilege of a life-time opportunity to have served as Mayor which had been a remarkable period. He had undertaken over 320 engagements, raised £24,000 for his charities, and had welcomed over 400 guests into the mayor's parlour to receive the mayor's role of

honour. Thanks were given to Councillor Sue Little as deputy Mayor who had undertaken her responsibilities with tremendous grace, thanks were given to member services, his drivers, Reverend Darren Barlow, and thanks were also given to the out-going leader, Mark Coxshall. As a parting thought he stated that half of the borough schools had visited the chamber as part of a debate competition, to encourage younger people into democratic engagement and to demonstrate the diversity of the mayor's office, he thanked Councillor Johnson for his part in that. He welcomed all new and re-elected members from all parties to the chambers this evening and wished his successor all the luck in the world.

## **1. Minutes**

Councillor Redsell referred to a paragraph in the minutes that was incorrect and asked for this to be readdressed. Following the amendment, members approved the minutes as a correct record.

## **2. To elect the Mayor for the municipal year 2023-2024**

Nominations were invited for the election of Mayor for the Municipal Year 2023/24.

It was proposed by Councillor Jefferies, and seconded by Councillor J Kent, that Councillor Little be elected Mayor of the Borough and Chair of the Council for the Municipal Year 2023/24.

It was declared that Councillor Little had been duly elected as Mayor of the Borough and Chair of the Council for the Municipal Year 2023/24.

Councillor Little signed the Declaration of Acceptance of Office.

The new elected Mayor made a speech by thanking Councillor James Halden for being such an exemplary Mayor and a great ambassador for Thurrock. She thanked all her fellow councillors who had put their trust in her as being the 49<sup>th</sup> Mayor of Thurrock and looked forward to serving the borough well.

Councillor Little's mayoral charities during her Mayoral year would be Adult's and Children's charities within the borough.

Councillor Little confirmed her husband, Brian Little, would be her Mayoral consort.

Councillor Little appointed Reverend Canon Darren Barlow as her Mayoral Chaplain.

Councillor Coxshall paid thanks to Councillor Halden for the work he had undertaken as Mayor, it had been unbelievable what he had undertaken over this period.

Councillor Johnson stated it had been a pleasure and an honour to have accompanied Councillor Halden on some of his visits and made thanks for

inviting half of the borough schools into the parlour and chamber. Councillor Halden had raised the profile of the mayoral role and had set the bar for his predecessor.

Councillor Redsell echoed comments made on the school visits and the introducing the role of honour and hoped this would be continued and thanked Councillor Halden for all the great work he had undertaken.

Councillor Byrne thanked Councillor Halden for all the work he had undertaken.

Councillor Speight congratulated Councillor Little on her appointment and paid tribute to Councillor Halden for all the work he had undertaken in his mayoral year, bringing in a sense of community and engagement.

Councillor D Arnold made personal thanks to Councillor Halden for his passion and dedication to any engagement that he was asked to undertake. He had raised the bar and it was wonderful to see him engaged and enjoying his mayoral duties.

## **RESOLVED**

**That Councillor Little was duly elected as Mayor of the Borough and Chair of the Council for the Municipal Year 2023/24.**

### **3. Items of Urgent Business**

The Mayor informed the Council that one item of urgent business had been requested but following consideration it had been declined as this item was scheduled for discussion at June Overview and Scrutiny Committee.

### **4. To elect the deputy Mayor for the municipal year 2023-2024**

Nominations were invited for the election of Deputy Mayor for the Municipal Year 2023/24.

It was proposed by Councillor Carter and seconded by Councillor Coxshall that Councillor Abbas be appointed Deputy Mayor of Thurrock for 2023/24.

It was proposed by Councillor J Kent and seconded by Councillor Worrall that Councillor Liddiard be appointed Deputy Mayor of Thurrock for 2023/24.

A vote was undertaken on both nominations with 25 votes for Councillor Abbas and 23 votes to Councillor Liddiard the Mayor declared that Councillor Abbas be duly elected as Deputy Mayor for the municipal year 2023/24.

Councillor Abbas confirmed his consort would be his wife, Mrs Noshaba Akthar.

Councillor Abbas thanked Councillor Halden and Councillor Little for their exemplary services as a Mayor and deputy Mayor and grateful to his group for the nomination for this prestigious honour. He paid thanks to his parents, family members, friends, and residents of Thurrock for their continued support, trust, and guidance. He referred to Mrs Almedina Kahrimanovic, a Bosnian genocide survivor & volunteer, Ms Lynn Mansfield, my ward resident and lifelong volunteer, and Mrs Jothy Hettiarachchige, founder of local Tamil language school who had set practical examples that whatever the circumstances were, with commitment and willingness to do good, could overcome difficulties and challenges and made positive differences to people's lives. Councillor Abbas concluded that he would assist and support the Mayor by serving Thurrock residents and represent Thurrock with best of his abilities.

## **RESOLVED**

**That Councillor Abbas was appointed deputy Mayor of the Borough and Vice-Chair of the Council for the municipal year 2023/24.**

### **5. Declaration of Interests**

No interests were declared.

### **6. To elect the Leader of the Council for a four-year term of office**

Nominations were invited for the election of the Leader of the Council.

It was proposed by Councillor D Arnold, and seconded by Councillor Spillman, that Councillor Jefferies be elected as Leader of the Council.

Members voted 29 in favour and 18 against, therefore Councillor Jefferies was elected as Leader of the Council.

The Mayor then invited Councillor Jefferies for any announcements he wished to make as Leader of the Council. Councillor Jefferies thanked members and colleagues for his election to the leader of the council, it had been a great honour and privilege to be given this position. He made thanks to his family and his partner for all their support, to his predecessor Mark Coxshall who had taken on the leadership just eight months ago during the council's bleakest time. He welcomed all newly elected and returning councillors and personally thanked Councillor Halden for his superb year as Mayor and wished the new incoming Mayor, Councillor Little, well in her mayoral year. He concluded by stating this was an opportunity to put Thurrock Council back into a sound financial footing, providing the services that Thurrock residents need and deserved. This would require all 49 councillors working together and was pleased that the leader of the opposition had accepted the invite to take three of the overview and scrutiny chairs.

Councillor J Kent congratulated and welcomed Councillor Little to her new role of Mayor, congratulated Councillor Jefferies on taking up his new role as leader and thanked Councillor Halden for his year of mayoral service.

**RESOLVED**

**That Councillor Jefferies was duly elected as Leader of the Council for a four-year term of office.**

*At 7.30pm, Councillor Fish left the chamber and Councillor Duffin arrived.*

**7. Announcements on behalf of the Mayor and the Leader of the Council**

The Leader started his announcements by announcing Councillor D Arnold as his Deputy Leader and his new cabinet would be as follows:

<b>Portfolio</b>	<b>Portfolio Holder</b>
Environment, Economic Development & Directional Leadership	Councillor Jefferies
Children’s Services & Housing	Councillor Johnson
Finance, HR & Payroll	Councillor Snell
Regeneration & Highways	Councillor B Maney
Transformational Change, Communications & Governance	Councillor D Arnold
Health, Adults Health, Community & Public Protection	Councillor Coxshall
Education	Councillor Carter

**8. Update from Best Value Commissioners on the appointment of Head of Paid Service - report to follow**

The report provided the background and details of the decision taken by Commissioners to appoint Dr Dave Smith as Head of Paid Service in line with the powers given to them by the Secretary of State for Levelling up, Housing and Communities. As set out in the letter to the Leader of the Council advising of this decision, this report had been brought at the earliest opportunity for Members to endorse this decision. In accordance with the roles he will be fulfilling, Dr Dave Smith will use the title Chief Executive & Managing Director Commissioner.

Councillor J Kent stated the Labour group would note report but could not endorse it as the appointment had been made by Essex County Council with the decision who should be appointed being taken out of Thurrock’s hand.

Councillor Speight raised his concern also that the appointment had been made by Essex County Council with Thurrock being unaware of what the other choices were.

Councillor Byrne raised his concerns that councillors were still not being given the opportunity to have their say.

Councillor Allan had noted Dr Dave Smith's apology this evening and stated he could not vote in favour of this as was not here to represent himself.

Councillor Jefferies stated there was a need to have a Head of Paid Service and recommended this item went to the vote. The Mayor called a vote which resulted in 25 votes in favour and 22 votes against.

## **RESOLVED**

**That Full Council noted and endorsed the decision of the Best Value Commissioners to appoint Dr Dave Smith as Head of Paid Service.**

### **9. Appointment of Statutory Scrutiny Officer, Electoral Registration Officer and Returning Officer**

The Leader of the Council recommended the appointments of the Statutory Scrutiny Officer, Electoral Registration Officer and Returning Officer and the Deputy Electoral Registration Officer.

## **RESOLVED**

- 1. Noted the appointment of Matthew Boulter (Democratic Services Manager) as the authority's Statutory Scrutiny Officer.**
- 2. That Dr Dave Smith (Chief Executive) be appointed Electoral Registration Officer and Returning Officer.**
- 3. That Asmat Hussain (Interim) Director of Law, Governance and Monitoring Officer be appointed as the Deputy Electoral Registration Officer.**

### **10. Establishment and Composition of the Council's Committees, Panels and Boards - appendices 3 and 4 to be tabled**

The Mayor informed Members the nominations of Group Leaders to the places allocated on committees, and the nominations for Chairs and Vice Chairs of committees had been received. The nominations made to Committees for the municipal year 2023/24, together with the nominations for the positions of Chair and Vice Chair, were set out in a booklet tabled for Members.

Councillor Jefferies made the following amendments:

Removed Councillor Anderson as substitute on the Corporate Overview and Scrutiny Committee.

Add Councillors Duffin, Abbas and P Arnold as substitutes to the Licensing Committee.

**RESOLVED**

- 1. That the Committees, Sub-Committees, Panels and Boards as referred to in this report and the accompanying appendices are established for the 2023/2024 municipal year.**
- 2. That the terms of reference for the new Strategic Investment Advisory Panel outlined in paragraph 3.6 and in Appendix 1 are endorsed.**
- 3. That the allocation of seats, as set out in Appendix 2, are approved.**
- 4. That the nominations of the political groups to seats on committees are approved, as set out in Appendix 3.**
- 5. That the non-voting co-opted members of the Planning Committee, the Standards and Audit Committee, the Health and Wellbeing Overview and Scrutiny Committee, the Housing Overview and Scrutiny Committee, the Children’s Services Overview and Scrutiny Committee and the Corporate Parenting Committee are appointed, as set out in Appendix 3.**
- 6. That the Chairs and Vice-Chairs of committees are appointed, as set out in Appendix 4.**

<b>Committee</b>	<b>Chair</b>	<b>Vice Chair</b>
Children’s Overview and Scrutiny Committee	Cllr Elizabeth Rigby	Cllr Sara Muldowney
Cleaner Greener and Safer Overview and Scrutiny Committee	Cllr Val Morris-Cook	Cllr Joy Redsell
Corporate Overview and Scrutiny Committee	Cllr Martin Kerin	Cllr Jack Duffin
Extreme and Hidden Harms Prevention Committee	Cllr Gary Collins	Cllr Daniel Chukwu
Health and Wellbeing Overview and Scrutiny Committee	Cllr Mark Hooper	Cllr Georgette Polley
Housing Overview and	Cllr James Halden	Cllr Sue Shinnick

Scrutiny Committee		
Planning Transport and Regeneration Overview and Scrutiny Committee	Cllr Luke Spillman	Cllr Alex Anderson
Corporate Parenting	Cllr Paul Arnold	Cllr Vikki Hartstean
General Services Committee	Cllr Andrew Jefferies	Cllr John Kent
Health and Wellbeing Board	Cllr Barry Johnson	-
Licensing Committee	Cllr Gary Collins	Cllr Cathy Kent
Planning Committee	Cllr Tom Kelly	Cllr Georgette Polley
Standards and Audit Committee	Cllr Fraser Massey	Cllr Steve Liddiard

#### 11. **Appointments to Outside Bodies, Statutory and Other Panels**

The nominations of the political groups to Outside Bodies, Statutory and Other Panels were detailed in the booklet tabled for Members.

Councillor Jefferies made the following changes:

Add Councillor Duffin as a substitute to the Strategic Investment Advisory Panel.

Add Councillor Sammons to the West Tilbury Commons Conservators.

Add Councillor Thandi to Impulse Leisure.

Removes Councillor Piccolo from the East Thurrock Community Association.

In regard to the contested appointment of the East Thurrock Community Association a vote was undertaken between Councillor Cecil and Councillor Speight. With 28 votes in favour of Councillor Speight and 18 votes in favour of Councillor Cecil, the mayor announced the appointment would fall to Councillor Speight.

Councillor Massey appointed himself to the Lower Thames Crossing Task Force.

#### **RESOLVED**

**That the nominations to Outside Bodies, Statutory and Other Panels be approved.**



## **12. Schedule of Meetings 2023-24**

The Leader of the Council introduced the report to which Members agreed the recommendation.

Councillor J Kent moved an amendment, seconded by Councillor Kerin, to add a full council meeting to the calendar for the last Wednesday of March 2024. Members agreed to this amendment and a date would be confirmed.

### **RESOLVED**

- 1. That the Calendar of Meetings for 2023/24 was approved.**
- 2. That a full council meeting would be added to the calendar for March 2024.**

## **13. Schedule of Elections and Order of Retirement of Councillors**

The Leader of the Council recommended the report be moved as written. Members agreed to note the recommendation.

Councillor J Kent agreed to note the recommendation but hoped that next year's calendar would be superseded by an all-out election.

### **RESOLVED**

**That the Schedule of Elections from 2024 to 2027 and Order of Retirement of Councillors was noted.**

At 8.05pm, Councillor Speight called a Point of Order to acknowledge the Roll of Honour names on page 7 of the agenda.

**The meeting finished at 8.05 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](mailto:Direct.Democracy@thurrock.gov.uk)**

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## QUESTIONS FROM MEMBERS OF THE PUBLIC

1 question received from members of the public.

**1. From Mr Mayes to Councillor Jefferies**

Could the Leader please outline the plan for garden waste collection or disposal this municipal year?

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# Petitions Update Report

Petition No.	Description	Presented (date)	Presented (at)	Submitted (by)	Status
572	To prevent the closure of the Corringham Post Office – The post office is an integral part of the community. We need a post office in Corringham. This is our petition to help save the post office.	1 March 2023	Council	Cllr Byrne	Following the resignation of the Postmaster and the end of the lease, the Post Office have advised that they are advertising for a new Postmaster/mistress or for an existing retailer interested in have a franchise counter in their shop. The Council does not own the property involved so cannot directly influence the Post Office’s decision. There is currently no other suitable property available should they be looking for a new unit. Officers wrote to the Group Chief Retail Officer at the Post Office advising of the concern in the community and have received responses from him and the Head of Retail Operations who has confirmed ‘We have several interested parties who are currently in the process of looking for retail premises in which to host the Post Office’. The Post Office have promised to keep officers informed.
573	Keep our community safe – With crime and anti-social behaviour increasing and detection rates falling we have growing anxiety about the safety of our new and growing community. However, we are very concern caused by the increasing incidence of cars regularly descending on the area and using our local roads as a racetrack, showing a complete disregard for the safety of others. We all on Thurrock Council and the Police to work together to better support our community by	1 March 2023	Council	Resident	The council has been working on the issue of ‘car cruising’ with partners for over 10 years. A PSPO is in place with proactive operations having been completed and will continue to take place with Essex Police assistance in this area. A feasibility test for further traffic calming measures has started and will be presented in November 2023. The council remains part of the strategic and tactical boards that are now in place for this issue with our partners, including Essex Police and Councillors.

## Petitions Update Report

	providing an improved and a more viable deterrent to crime and ASB with an additional and more effective police presence with more patrols by community police officers and faster response times from the Police when residents ask for help.				
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<b>28 June 2023</b>	<b>ITEM: 11</b>
<b>Council</b>	
<b>Overview and Scrutiny Annual Report 2022/23</b>	
<b>Wards and communities affected:</b> N/A	<b>Key Decision:</b> Non-Key
<b>Report of:</b> Overview and Scrutiny Chairs	
<b>Accountable Assistant Director:</b> N/A	
<b>Accountable Director:</b> Asmat Hussain, Director of Law and Governance, and Monitoring Officer	
<b>This report is public</b>	

## Executive Summary

This report introduces the Overview and Scrutiny Annual Report, which in accordance with the Council’s Constitution, should be presented to the Council.

### 1. Recommendation(s)

**1.1 That the contents of the Overview and Scrutiny Annual Report 2022/23 be noted.**

### 2. Introduction and Background

2.1 Each year an Annual Report is produced detailing the work of the six Overview and Scrutiny committees and their main priorities for that municipal year. The report is designed to inform residents of this work in an accessible and engaging format.

2.2 The last municipal year has seen Overview and Scrutiny tackle a wide range of topics, with Members leading on issues that have come to the fore both through their own research and through the recommendations of Council officers.

2.3 This report, as in 2021/22 report, highlights the key projects of each Committee, and therefore does not provide an exhaustive list of all meetings, discussions, or recommendations that occurred in Overview and Scrutiny this year.

2.4 This year, the overview and scrutiny function has been working alongside the intervention process and scrutinising decisions made in light of the submission of an Section 114 notice in December 2022. Overview and

Scrutiny at Thurrock will continue to adapt and change as the intervention process, and recommendations from the Best Value Inspection report, are understood and implemented.

### **3. Issues, Options and Analysis of Options**

- 3.1 It is hoped that the format of the Annual Report will highlight to residents how the Overview and Scrutiny committees have picked relevant community issues, and how Members undertook work to form recommendations that positively affected these issues.
- 3.2 The report will be published on the Council's website and key community groups and participants from last year's work will be made aware of its publication directly.

### **4. Reasons for Recommendation**

- 4.1 The report outlines the work that has been undertaken during 2022/23 and is being referred to Council for review in order for Members to comment on the overall Overview and Scrutiny function of Thurrock Council.

### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 In accordance with Chapter 4, Part 1, Rule 7.1 of the Constitution, the annual report is submitted to Council for their consideration and comment.
- 5.2 Overview and Scrutiny Chairs were consulted on the contents of the report in April 2023.

### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 This report has a community impact as the work of the Overview and Scrutiny committees for 2022/23 allows residents to participate in decision making and tackling key issues of local concern, which is clearly documented in the annual report.

### **7. Implications**

#### **7.1 Financial**

Implications verified by: **Rosie Hurst**  
**Interim Senior Management Accountant**

There are no direct financial implications arising out of this report. If any recommendations made by the Overview and Scrutiny Committees for adoption by the Council have financial implications, they are identified separately in each report.



## 7.2 Legal

Implications verified by: **Asmat Hussain**  
**Director of Legal and Governance, and**  
**Monitoring Officer**

There are no direct legal implications arising from this report. It is good practice to produce an annual report reviewing Overview and Scrutiny activity, and meets the requirement of the Constitution to report (Chapter 4, Part 1, Article 6, paragraph 7.1).

## 7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**  
**Community Engagement and Project**  
**Monitoring Officer**

The Overview and Scrutiny function is carried out with due regard to equality and inclusion legislation and specifically the Equality Act 2010. The Annual Report, as well as all other Overview and Scrutiny documents, are designed to be easy to understand and as accessible as possible. All members of the public are encouraged to participate in the Overview and Scrutiny process regardless of any protected characteristics they may have.

## 7.4 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

None.

## 8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Agenda, Reports and Minutes of meetings of Overview and Scrutiny Committees and Task and Finish Reviews, available from:

<http://democracy.thurrock.gov.uk/thurrock/>

## 9. Appendices to the report

Appendix 1: Overview and Scrutiny Annual Report 2022/23

### Report Author:

Lucy Tricker  
Senior Democratic Services Officer

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Appendix 1  
**Overview and  
Scrutiny**  
Annual Report  
2022-23





## Contents Page

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## What is overview and scrutiny?

In general terms, Overview and Scrutiny is the process whereby Councillors investigate, scrutinise and oversee the work of the Council. More specifically Overview and Scrutiny pays particular attention to:

- The decisions made by Cabinet, Council and officers in relation to Council policy or key decisions.
- The activities carried out by the Council and other bodies (such as the NHS).
- The performance of the Council in relation to its targets and objectives.

## Work Programme

The work programme for Thurrock's Overview and Scrutiny is created by a combination of:

- What Councillors feel are important topics (this is gathered from their work in their wards and activities across the whole of the Council).
- Members of the public highlighting issues for debate, either through Call-Ins or through consultation.
- Requests by Thurrock's Cabinet for Overview and Scrutiny to undertake "pre-decision scrutiny" prior to policies being taken to Cabinet for consideration.

The agendas and associated reports of each Committee can be accessed by the following link:

<http://democracy.thurrock.gov.uk/>

## Committees

At Thurrock, the work of the Overview and Scrutiny function is carried out by six committees, with each having a specific remit:

- Children's Services Overview and Scrutiny Committee
- Cleaner, Greener and Safer Overview and Scrutiny Committee
- Corporate Overview and Scrutiny Committee
- Health and Wellbeing Overview and Scrutiny Committee
- Housing Overview and Scrutiny Committee
- Planning, Transport and Regeneration Overview and Scrutiny Committee

An Overview and Scrutiny Committee can also form Working Groups or Task and Finish Groups to focus on particularly important issues.

## Membership

The membership of Thurrock's Overview and Scrutiny Committees is made up of Councillors drawn from all the political parties of the Council. The Overview and Scrutiny function enables Councillors who are not members of the Cabinet (also known as the Executive) to have an active role in the decision-making process of the Council.

Thurrock has a number of non-Councillors sitting on Overview and Scrutiny Committees. The Children's Services Committee has two parent-governors as well as a diocesan representative from the Roman Catholic and Anglican churches respectively. There is also one co-opted member on the Health and Wellbeing Overview and Scrutiny Committee and one co-opted member on the Housing Overview and Scrutiny Committee representing health and housing interests across the borough.

In addition, sub-committees or panels may also be formed by the Overview and Scrutiny Committees to undertake specific tasks, such as a review, the membership of which is decided alongside the remit of the review.

## The decision-making process

In Thurrock, Overview and Scrutiny plays a key role in the Council's decision-making process. It also reviews the existing practices of the Council and makes recommendations to Cabinet to enhance and improve service provision.

The Overview and Scrutiny Committees meet in an informal atmosphere and engages with people who can help with their work and provide evidence for their reviews. Members of the public are welcome to attend meetings of the Committees and can ask questions or make statements.





## Overview and Scrutiny during 2022/23

The 2022/23 municipal year has involved lots of change and adaptation for the scrutiny function, partly due to the ongoing government intervention and Best Value Inspection recommendations.

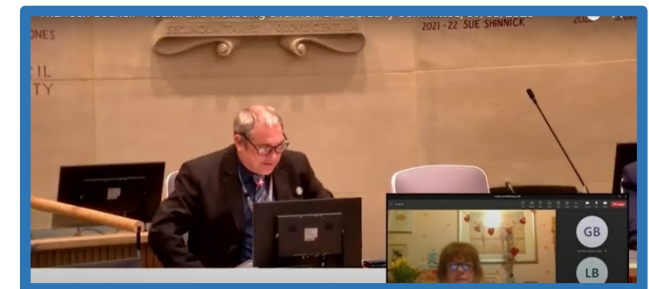
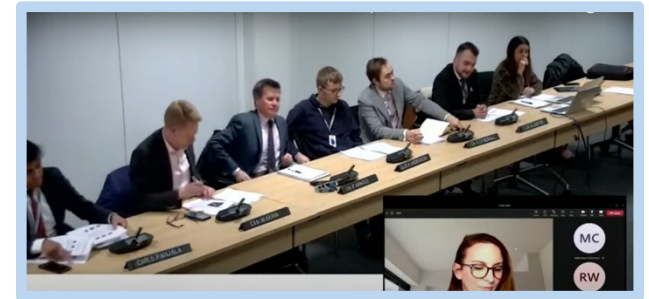
Scrutiny Committees at Thurrock Council continued to work throughout the intervention process, and held regular committee meetings. The overview and scrutiny function regularly considered reports from officers regarding how the intervention, Section 114 notice, and Best Value Inspection would affect their service areas, and how this could impact upon services to residents.

Overview and Scrutiny Committee Members regularly challenged officers regarding the Council's finances and the government intervention to ensure the right decisions were being taken. This year, Portfolio Holders also reported directly to Overview and Scrutiny Committees, which allowed

backbench Members to directly question Executive Members regarding their service areas.

Scrutiny meetings also continued to be live-streamed and recorded during 2022/23, which meant that members of the public who could not attend meetings in person could watch the meeting on the Council's website or YouTube channel from the comfort of their own home.

The following pages provide a brief summary of the work of Thurrock's six overview and scrutiny committees across 2022/23. Each page outlines the main achievements and considerations of each committee, to provide members of the public an insight into the work of scrutiny. This does not represent an exhaustive list of every meeting, agenda item or discussion, but should provide a brief overview and give members of the public a taste of what scrutiny at Thurrock has achieved.





## Children’s Overview and Scrutiny Committee

### The Care Review of Children’s Social Care and National Safeguarding Panel Review of Child Protection



At the start of the 2022/23 municipal year, the Committee considered the recent Care Review undertaken by national government, following the tragic death of two children, and how this could affect services within Thurrock.

We questioned senior officers on investment that the Council could make to recruit additional foster carers, including both kinship carers and stranger carers; and how they could be supported on their journey through foster caring. We also questioned the use of unregulated placements and how the recommendations within the

Care Review could impact these, particularly regarding supported accommodation. We thanked officers for their hard work in beginning to understand and implement recommendations, and requested regular updates throughout the year.

We received our first update in October 2022 and heard how the recruitment campaign for foster carers had proven successful, but more work needed to be done to ensure foster carer retention. The Chair and Committee Members would like to thank Thurrock’s foster carers for their hard work and dedicated service.

### Family Hubs, Start for Life Programme

In November 2022 we received a report regarding the Family Hubs, Start for Life Programme, which meant Thurrock Council were one of 75 local authorities to receive government funding to improve the lives of young children, particularly those affected by the loss of education during the

pandemic. We questioned if Thurrock would be ready to implement the delivery plan, and the locations of the proposed family hubs. We felt pleased that Thurrock had applied to this programme, and requested an update so Committee Members could monitor the programme and its potential implementation.

We accepted a verbal update on the programme in January 2023 and Committee Members discussed the recent submission of the delivery plan to the Department of Education. We also queried the multi-disciplinary board that had been established to monitor the delivery of the programme and its workstreams, and the funding for the additional staff resources. The Committee look forward to continued updates throughout the 2023/24 municipal year.

Cllr Adam Carter,  
Chair of the  
Children’s Overview  
and Scrutiny  
Committee



## Cleaner, Greener, and Safer Overview and Scrutiny Committee

### Single Use Plastics Policy Implementation



Last municipal year, officers and the Committee worked together to introduce a new Single Use Plastics Policy, that would ban all single-use plastics within the Council to improve the environment and reduce climate change. We requested regular update reports to see how the policy was being implemented and how it was working, and received the first of these in January 2023.

We scrutinised the report, which presented two options for implementation of the policy, and discussed in detail which option would

be most effective. We questioned the differences between the two options, and decided that option two would be most effective, as it would require less resources than option one and would be less intensive, whilst still delivering the required outcomes.

We also wanted to expand the framework of the policy to ensure that schools and local businesses were also aware of the damage that single use plastics were causing the environment. We were pleased that officers confirmed supporting documents would be delivered to schools, and an education team member had already been to schools to deliver a programme on recycling and single-use plastics.

### Waste Services Report

Also in January 2023, we scrutinised the Waste Services Update report, which outlined the service changes that were being proposed for implementation in September 2023, including alternative weekly refuse

collection and weekly recycling collection.

The Committee raised concerns regarding the proposed food caddy bin, as many residents would not have space for this bin, and caddies were often lost or returned to the wrong house. We also questioned the current recycling rate in Thurrock, as well as the assisted bin collection service. We scrutinised the proposals for the brown bin collection service, as we were concerned that this service had not been running efficiently, and sought assurances from officers that this collection would resume as normal as soon as possible.



**Cllr Joycelyn Redsell,  
Chair of Cleaner,  
Greener, and Safer  
Overview & Scrutiny  
Committee**

We thanked officers for their hard work on this report, and their work to improve the service, but felt that the service needed to get better as well as improve communications with local residents.

## Annual Update on the Community Safety Partnership

This provided the committee with the opportunity to ask questions in relation to the priorities of the Community Safety Partnership and to satisfy ourselves that concerns from local residents such as those individuals riding motorbikes off road, causing anti-social behaviour were being taken seriously. We were also able to use this opportunity to ask questions of senior officers from Essex Police.

## Corporate Overview and Scrutiny Committee

### Asset Reviews and Thameside Theatre



Throughout this year, the Committee have continued to consider the

Council's Asset Review policies. This included the potential disposal of a number of sites across the borough, including scout huts, village halls and other parcels of land. At our meeting in July 2022, we questioned the Assistant Director of Property regarding these pieces of land, and invited a representative from the Scout Association to speak to the Committee regarding their experiences and concerns. We requested that an update report be brought to the Committee later in the municipal year.

In March 2023, we held an extraordinary meeting to discuss the Thameside Theatre, which had been set for disposal in July 2021 until discussions with community interest groups had begun in January 2022. This was a politically contentious issue, and we welcomed a number of questions from concerned local residents and stakeholders. Following a very detailed discussion and questioning of officers regarding the future of the Thameside building, we

amended several Cabinet recommendations regarding consultation of the theatre, library and museum. We also requested an update report be presented to the Committee.

Our proposed recommendations were presented to Cabinet in March 2023, and the majority were accepted without amendment. We look forward to an update report in the 2023/24 municipal year, once consultation on these services has completed.

### Draft General Fund Budget 2023/24

In February 2023, the Committee scrutinised the draft general fund budget for 2023/24, as well as the Treasury Management Strategy, Capital Programme, and Capital Strategy.

**Cllr Fraser Massey,  
Chair of Corporate  
Overview and Scrutiny  
Committee**



This issue has been of the utmost importance to the Council and culminated in the government intervention in September 2022, followed by the Section 114 notice in December 2022. We therefore felt this report needed detailed scrutiny and questioned senior officers on the budget, its sustainability, commissioners work, and investments.

We approved the recommendations within the report, but raised our concerns regarding timescales of investment divestment, and proposed increases of council tax for residents.

## Health and Wellbeing Overview and Scrutiny Committee

### Integrated Medical Centres



The Committee worked hard throughout the 2022/23 municipal year

to monitor and scrutinise the progress of the integrated medical centre project, and this work has continued throughout 2023/24. We requested regular updates of the project to ensure it was on track, and received the first of these in June 2022. We thoroughly questioned the redesign of the Tilbury Integrated Medical Centre (IMC), and the impact this could have on the proposed budget, as well as the launch of the Corringham IMC. The Committee felt concerned regarding some aspects of the project, and therefore requested regular updates throughout the year.

We received another update, specifically focussed on the Grays Integrated Medical and Wellbeing Centre in September 2022, where we were able to question the level of engagement and feedback, and continue our scrutinization of the project. We asked for another update in November 2022 and the Committee remained concerned regarding the finances for the IMCs and the

proposed timeline for the closure of Orsett Hospital. We questioned the finances of the project and the proposals by NHS England and sought assurances from officers and NHS Partners that all IMCs would be delivered before Orsett Hospital was closed. Committee Members ensured that the IMCs remained at the front and centre of the Committee's mind by adding a standing item to the Work Programme regarding IMCs, to enable continued questioning and scrutinising.

### Under Doctoring in Thurrock

In November 2022 the Committee considered a report regarding the level of GPs and doctors in Thurrock.

**Cllr Shane Ralph,  
Chair of Health and Wellbeing  
Overview and Scrutiny  
Committee**



We asked questions regarding the fellowship programme for GPs and additional GP appointments that would be offered as part of the programme. The Committee felt that more work needed to be undertaken to ensure residents could easily get face-to-face GP appointments, as well as telephone and video appointments, as face-to-face was often easier for older residents.

We raised our concerns about the number of doctors in Thurrock, and asked officers and NHS partners to work to ensure there were more face-to-face appointments for local residents.

## Housing Overview and Scrutiny Committee

### Homes for Ukraine Response Programme



In March 2023, the Committee considered the government's and Thurrock's 'Homes for Ukraine' scheme, which had allowed UK citizens to take Ukrainian refugees from the war. We sincerely thank officers for their hard work implementing the scheme, and local residents for taking in refugees into their homes.

We sought clarification on the wrap around services that were being provided to Ukrainian families, such as pastoral care and mental wellbeing, as we wanted to ensure that Ukrainian families were receiving support for all aspects of their lives, including accommodation. We were pleased when officers confirmed that Ukrainian families were connected with the Adults and Children's Social Care teams, as well as with the Job Centre on their arrival into Thurrock.

We questioned the money that Ukrainian refugees received, as well as their host families and confirmed that this money was ring-fenced for this use. We also wished to see the welcome packs that Ukrainians

received on their entry into the UK, to further understand the information they were being given, and requested an additional recommendation to ensure Committee Members could scrutinise this document.

### Blackshots Estate

Over the course of this year, we've also requested regular updates on the proposals for the Blackshots Estate high rises. We listened to our first update in November 2022 and questioned the timescales for this project. Some of our Committee Members felt concerned that the project was not moving fast enough, and we therefore requested continued updates to monitor the progress of the project.

In March 2023 we accepted another report from officers on the progress of the project.

**Cllr Allen Mayes,  
Chair of Housing  
Overview and  
Scrutiny Committee**





Committee Members again expressed their concerns that the project was not moving fast enough, and felt concerned for the health and wellbeing of residents currently living in the high rises. We also questioned the potential use of greenbelt space for the new development, and sought assurances that this greenbelt would be replaced around Blackshots. We were pleased to see that progress was being made, but requested an additional recommendation to ensure that regular public reports were presented to the Committee, including slippage factors, and that member-led mechanisms were in place to monitor the progress of the project.

## **Planning, Transport, and Regeneration Overview and Scrutiny Committee**

### **Regeneration Projects**



This year, the Committee have continued to review and scrutinise the Council's ongoing regeneration projects. These have included the Stanford-le-Hope Interchange Project, A13 Widening Scheme, Grays Regeneration, and the Tilbury Town Fund.

We are pleased to see that work on the A13 Widening Scheme is now almost complete and hope that progress can be made on the Stanford-le-Hope Interchange Project soon. At our meeting in December 2022, the Committee requested that a Working Group be formed to monitor more closely the work being undertaken on the Stanford-le-Hope Interchange project. We hope that this Working Group will ensure any potential overspend is scrutinised and the project is completed on-time, to ensure residents of Stanford-le-Hope and further afield, can benefit from the new station and bus terminal. We look forward to starting this Working Group in the 2023/24 municipal year and receiving their feedback. In addition to this, we also agreed to form a Working

Group who will conduct an in-depth review regarding the Integrated Transport Block and its allocation in across the borough where monies will be spent on roads, pavement and school safety.

### **Thurrock Supported Bus Services**

In July 2022 we listened to officer's report on the Supported Bus Service, which included the 11, 265, and 374 which were all subsidised by the Council and serviced a variety of areas such as Orsett, Horndon-on-the-Hill, Fobbing and Purfleet. We considered the plans to stop funding these bus services, and questioned how this would impact on the Council's sustainable and green travel aims.

**Cllr Alex Anderson,  
Chair of Planning,  
Transport &  
Regeneration  
Overview and  
Scrutiny Committee**



We were also concerned regarding the local communities in rural communities, who could lose their public transport links. Following this discussion, we requested a more detailed report once the consultation had concluded.

We received this report at an extraordinary meeting in January 2023 and raised concern that some residents would lose vital public transport links. We also felt concerned that not all possible alternative options had been explored, such as a Hub and Spoke Model, which could allow for public transport links in areas such as Purfleet and Fobbing. We requested an additional recommendation asking officers to consider other options for a new route, or changing existing routes to cover rural villages and outlying areas of the borough.

## How can you get involved?

The Overview and Scrutiny process at Thurrock is managed by our Democratic Services Team, which is located within Legal Services. Democratic Services manage the Council's decision-making process, and services a wide range of Council decision making bodies including the Overview and Scrutiny Committees, Cabinet, Planning Committee, Licensing Committee, as well as Full Council.

If you have any queries about this report or the Overview and Scrutiny process, or if you are interested in participating, please feel free to contact us.

**Email:** [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

**Address:** Democratic Services,  
Civic Offices,  
New Road,  
Grays  
Essex  
RM17 6SL

Overview and Scrutiny has a dedicated section on Thurrock Council's website and can be found at (<https://www.thurrock.gov.uk/overview-and-scrutiny/overview-and-scrutiny-committees>).

Thurrock Council's website provides the most up-to-date information on Overview and Scrutiny in Thurrock. Participation from the public is actively encouraged and promoted online.

A number of documents are available and easily accessible, including our Overview and Scrutiny annual reports. Reports, agendas and minutes from each Overview and Scrutiny Committee meeting are also available electronically from Thurrock's website.



<b>28 June 2023</b>	<b>ITEM: 12</b>
<b>Council</b>	
<b>Best Value Inspection Report</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A
<b>Report of:</b> Dr Dave Smith, Chief Executive and Managing Director Commissioner	
<b>Accountable Assistant Director:</b> N/A	
<b>Accountable Director:</b> N/A	
<b>This report is</b> Public	

## Executive Summary

The Best Value Inspection report into Thurrock Council was published on 15 June 2023. The report highlights the serious and significant failings and demonstrates a broad failure of the Council to discharge its Best Value duty.

### 1. Recommendation(s)

**That Council:**

- 1.1 Note the publication of the Best Value Inspection report on 15 June 2023.**
- 1.2 Agree to incorporate the recommendations of report within the Council's Improvement and Recovery Plan.**

### 2. Introduction and Background

- 2.1 On 2 September 2022, the then Secretary of State for Levelling-up, Housing and Communities made directions under section 15(5) and (6) of the Local Government Act 1999 to implement an intervention package for Thurrock Council. This package was in two parts: the first is that the Council's functions over managing its financial resources, exercise of the statutory requirement to arrange for the proper administration of the Council's financial affairs, and all functions associated with the strategic financial management of the Authority would be overseen by Essex County Council (ECC), in the role of Commissioner.
- 2.2 The second part appointed Essex County Council as a Best Value Inspector, to inspect the governance, audit (internal and external), risk management,

overview and scrutiny functions of the Council, and consider their impact on service delivery. This was to assess the extent of the failure to comply with the Best Value duty, beyond the management of financial resources, and to mitigate the risk to service delivery that any further failure may have.

2.3 Essex County Council appointed an inspection team and their work commenced on 26 September. Details of the inspection process can be found in paragraphs 22 to 24 in the Best Value Inspection report (appendix 1).

2.4 The report was submitted to the Department for Levelling Up, Housing and Communities (DLUHC) on 19 March 2023 and published on their website on 15 June 2023.

### **3. Issues, Options and Analysis of Options**

3.1 The report in full can be found at appendix 1, including the inspectors' findings, conclusions and recommendations.

3.2 Prior to the publication of the report, an update letter was sent to the Secretary of State on 13 December 2022 (published 24 January 2023) setting out the recommendations the Inspectors were able to make at that time.

3.3 DLUHC also published on the same day, alongside the Commissioners' first report, a proposed expansion to the intervention package, informed by both the first report and the update letter. Following a representation period, the expanded intervention package was confirmed on 16 March 2023.

3.4 The full list of recommendations made to the Secretary of State by the Best Value Inspectors can be found at paragraphs 10 to 12 of the report.

3.5 Recommendations 1 to 4 are reflected in the expanded intervention package confirmed in March and work is underway to enhance the Improvement and Recovery Plan (IRP) previously developed and submitted to DLUHC in December 2022 to reflect these recommendations.

3.6 Recommendations 5, 6 and 7 reflect additional recommendations to those included in the December update letter and, while they are made to the Secretary of State, Ministers have been clear they expect the Council to consider the recommendations of the report and so matters of transparency and member development will be strengthened further in our updated IRP.

3.7 Recommendations 8 and 9 reflect sector-wide issues relating to external audit and the role of statutory officers.

#### **4. Reasons for Recommendation**

4.1 The publication of the Best Value Inspection report is of significant importance to the Council.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

5.1 Not applicable.

#### **6. Impact on corporate policies, priorities, performance and community impact**

6.1 There are no direct impacts as a result of this report. The contents and recommendations of the Best Value Inspection report published by DLUHC will be reflected in the Council's Improvement and Recovery Plan.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Acting Director of Finance and s151 Officer**

The purpose of this report is to ensure there is full council oversight and discussion of the findings. The Council has developed an improvement and recovery plan developed in response to the Intervention which commenced on 2 September 2022. This will continue to evolve in light of the findings of the report and will extend the wide-ranging actions which are already agreed with Commissioners and are progressing to ensure the Council addresses all the concerns that have been highlighted to date. There are specific financial implications attached to the delivery of the improvement and recovery plan which will be considered by members alongside wider decisions that enable the improvements required to be delivered.

##### **7.2 Legal**

Implications verified by: **Gina Clarke**  
**Governance Lawyer & Deputy Monitoring Officer**

Section 15 of the Local Government Act 1999 ("the 1999 Act") permits the Secretary of State to intervene if a best value authority has failed to comply with its duties under Part 1 of the 1999 Act. The Secretary of State's powers include the power to direct the authority to carry out a review of specified functions and direct the authority to take any action which he considers necessary or expedient to secure its compliance with the requirements of this Part. Such direction can include that a specified function shall be exercised by the Secretary of State or a nominated person for a specified period and that

the authority shall comply with any instructions of the Secretary of State or his nominee in relation to the exercise of that function.

The Council is a best value authority by virtue of s.1 of the 1999 Act. S.3 sets out the general duty, which is for an authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The inspection report is addressed to, and has been published by the Secretary of State, and sets recommendations for the Secretary of State to consider to bring the Council back to delivering best value services. Once the Secretary of State has decided on the proposed response to the report, the decision will be communicated formally to the Council.

However, as the Council is subject to government intervention some of the recommendations set out in the inspection report are included in the Council's improvement plan which is discussed elsewhere on this agenda and which will continue to be developed.

### 7.3 **Diversity and Equality**

Implications verified by: **Becky Lee**  
**Team Manager - Community Development and Equalities**

There are no direct diversity and equalities implications as a result of this report.

All information regarding Community Equality Impact Assessments can be found here: <https://intranet.thurrock.gov.uk/services/diversity-and-equality/ceia/>

### 7.4 **Other implications** (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

None.

### 8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Letter to the then Chief Executive setting out the Intervention Package, September 2022 <https://www.gov.uk/government/publications/thurrock-council-letter-to-the-chief-executive-setting-out-the-intervention-package>
- BVI Update letter, December 2022 <https://www.gov.uk/government/publications/thurrock-council-best-value-inspection-update-letter>

- Commissioners' first report, December 2022  
<https://www.gov.uk/government/publications/thurrock-council-commissioners-first-report>
- Improvement and Recovery Plan, December 2022  
<https://www.thurrock.gov.uk/government-intervention/improvement-and-recovery-plan>

## **9. Appendices to the report**

- Appendix 1 – Best Value Inspection Report

### **Report Author:**

Dr Dave Smith

Chief Executive and Managing Director Commissioner

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# Thurrock Council Best Value Inspection Report

May 2023

# Foreword

Essex County Council's (ECC) appointment as Best Value Inspector of Thurrock Council reflected the view of the then Secretary of State that 'when a council gets into difficulties, its local government neighbours should be the preferred source of help in turning it around.' ECC has a track record of providing help, support and advice to other councils in times of difficulty and its political and managerial leadership stepped up to support its neighbour by undertaking the inspection. I know that the County Council shares the Secretary of State's hope that by working together, colleagues from Essex and Thurrock councils 'can deliver the improvements local people expect and deserve.'

In the months since September, we have learned that the difficulties facing Thurrock Council are extremely serious. The Council faces significant losses from its investments and a likely on-going structural budget deficit. In this context, placing local services on a secure and sustainable footing will be a major undertaking.

Our inspection has looked beyond the specific financial difficulties facing Thurrock Council and has focused on wider factors such as leadership, culture, governance and the system of checks and balances, all of which will need to work well if Thurrock Council is to succeed in the future. We have no doubt that our findings and the recommendations we have made will be challenging to the Council. However, we believe this level of challenge is necessary if the Council is to secure meaningful change.

Throughout our inspection I, and the wider inspection team, have been struck by the dedication and passion of Thurrock Council's employees who work tirelessly to improve the lives of local people. We have also been grateful for the willingness and openness with which the Council's members and officers have engaged with the inspection process.

The inspection team wish to acknowledge the efforts made by the Council to provide substantial documentation and to make available senior councillors and officers to meet the timetable. All requests for documents, information or the facilitation of meetings were dealt with efficiently and speedily. No doubt many staff were involved in making this happen, but special thanks go to Darren Kristiansen, Denise Morley, Rebecca Peter, Amber Robinson, Kerry Thomas and Luke Tyson who helped enormously.

The inspection team would also like to thank all those officers, members and wider stakeholders who came forward to share their experiences. Their willingness to contribute and share information has strengthened our report.

It is our sincere hope that we will soon see the Council take positive steps forward.



Tony McArdle  
Best Value Inspection Lead



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Note: Thurrock Council’s former Chief Executive and former s151 Officer have been consulted on some sections of the report which the inspection team felt related particularly to them.

The Inspection Team has considered all comments received in finalising this version of the report.

## In Brief

1. Essex County Council (ECC) was asked by the Secretary of State to undertake a Best Value inspection of Thurrock Council in September 2022. We were asked to look beyond the evident financial failings and to consider the wider operating environment of the Council within which these failings took place, and to make recommendations to the Secretary of State on managing any further risks.
2. We found that, although serious mistakes have been made by individuals, the challenges facing Thurrock stem from a series of self-sustaining, systemic weaknesses which have allowed for repeated failure over many years.

### Background

3. Between 2016 and 2022 Thurrock Council pursued a strategy of borrowing large amounts of money, predominantly from other local authorities, and using this to undertake a range of investments for the purposes of securing a return. The income from this strategy enabled local political leaders to forestall or avoid difficult decisions on savings, raising council tax, and the transformation of local services for several years. But the Council failed to understand and control the risks of this investment strategy. The ultimate failure of the strategy, and the scale of the financial loss that has resulted has undermined the financial viability of the authority and will require significant external support to be provided.
4. The full extent of the Council's financial difficulties will not be known for some time. At the time of writing, the Council's Quarter 2 Finance Update 2022/23 suggests that there is an in-year deficit of some £470m, and an estimated structural deficit in 2023/24 of £184m. This is the sum in excess of the budget which must be found for the provision of services to the residents of Thurrock (£154m in the 2022/23 General Fund revenue budget). Setting aside the current in-year deficit position, this presents an ongoing structural deficit of 120%. Given this, it is clear that the Council will be unable to set a balanced budget in 2023/24 within its current resources. As stated above, the Council will require significant external support, as well as large increases in council tax and the delivery of an extensive savings programme, for years to come.
5. In its Capital Strategy report presented to Council in February 2022, the level of borrowing estimated as at 31 March 2023 is shown as £1.3bn (excluding the Housing Revenue Account (HRA)) all of which must be properly accounted for. The annual revenue costs associated with this debt make Thurrock Council – one of England's smaller unitary councils in terms of population and tax base – highly vulnerable from a financial point of view. The Council has limited assets and their sale will not significantly reduce this debt burden.

## Our findings

6. Our inspection has found that Thurrock Council has experienced repeated failures both in the delivery of its investment strategy, and in the delivery of major infrastructure and regeneration projects. These failures have resulted in the loss of substantial sums of public money. When initially faced with these failures, members and senior officers within the Council have attempted to conceal bad news and avoid public scrutiny.
7. This pattern of failure, and the nature of the Council's response, has been enabled by dereliction in political and managerial leadership, inadequate governance arrangements and serious weaknesses in internal control.
8. The Council's lack of openness and transparency has given rise to a culture of insularity and complacency. Internal challenge has been discouraged, and external criticism and challenge have been routinely dismissed. This has undermined the Council's ability to learn from others and from its own previous mistakes. It has placed the Council in a state of 'unconscious incompetence' and has undermined its ability to secure continuous improvement. Thurrock Council has, therefore, failed to meet the 'Best Value Duty' placed on all local authorities.
9. Urgent change is required. The scale of the financial challenge now facing the Council means it is inevitable that, in addition to making extensive efficiency savings, the Council will have to undertake a significant and rapid reduction in the scope of local services. Many services, which have been relatively well funded over the past decade may, as a consequence, be equipped to do little more than the statutory minimum for the foreseeable future. Leading this transformation will be a hugely difficult task, not least because the Council does not have a good record in delivering major projects. This transformation will need to be effectively managed at both the corporate and service level if the Council is to avoid serious operational failures.

## Recommendations

10. Our findings have informed the recommendations set out below. The scope of these recommendations reflects the fact that:
  - **Thurrock Council is already subject to intervention regarding its financial management.**

The Secretary of State issued directions to Thurrock Council requiring it to prepare and agree an improvement plan to achieve financial sustainability, secure savings, reduce levels of debt and improve key aspects of its financial management. This improvement plan must be prepared to the satisfaction of the Commissioner (Essex County Council). A copy of the directions can be found in Appendix 1. Thurrock Council is already working with the Commissioner to bring forward this plan.

We have not, therefore, sought to make additional recommendations regarding the Council's financial management.
  - **We wrote to the Secretary of State in December 2022 to provide an update on our inspection of Thurrock Council and to share a number of recommendations.**

These recommendations were shared ahead of our final report to enable the Secretary of State to consider immediate action to support the Council's recovery. At the time of writing, the Secretary of State has indicated that he is minded to issue further directions to Thurrock Council, informed by these recommendations and the first report from the Commissioner.

The recommendations set out in this report are wholly consistent with those provided in December. Where necessary we have expanded upon our recommendations. A copy of our December 2022 letter to the Secretary of State can be found in Appendix 2.

11. Ultimately, our recommendations seek to ensure that Thurrock Council has the leadership necessary to deliver meaningful change; a clear roadmap for the future, and the right foundations in place to enable it to manage this change effectively. We believe it is in the interests of the residents of Thurrock that these recommendations inform timely action to secure improvements in the running of the Council:

**Recommendation 1:** The Secretary of State should consider expanding the powers of Commissioners in overseeing Thurrock Council's improvement and recovery. The Commissioners' central role should be to build, embed and sustain a fit for purpose operating environment within Thurrock Council.

The specific functions that should be exercised by the Commissioners, and through which they should influence this operating environment, are set out in the recommendations below.

**Recommendation 2:** The Secretary of State should consider directing Thurrock Council to prepare, agree and implement a recovery plan to the satisfaction of Commissioners. This will build upon and extend the scope of the improvement and recovery plan currently being developed. The extended recovery plan should set out robust actions to:

- reconfigure council services around a set of Council approved priorities, ensure they can be delivered within the radically reduced financial resources that will be available, and put in place robust arrangements for their performance management;
- secure the proper resourcing and functioning of the system of internal controls, including risk management and internal audit; and
- develop and sustain more open, transparent and positive working practices and behaviours within the Council. This should be supported by actions to enhance leadership and management, and to enable employees at all levels to identify and learn from good practice across their respective professions and the sector more broadly.

**Recommendation 3:** The Secretary of State should consider directing Thurrock Council to do the following to the satisfaction of Commissioners:

- design an appropriate officer structure for the authority. This should provide sufficient resources to deliver the authority’s functions in an efficient and effective way;
- put in place the skills, capabilities and capacity necessary to lead and manage this change; and
- develop an enhanced performance management framework for the efficient and effective operation of the Council.

**Recommendation 4:** The Secretary of State should consider granting Commissioners the authority to make appointments and dismissals with respect to senior positions, and to determine the processes for making these appointments and dismissals. ‘Senior positions’ should be understood as including the Chief Executive, his/her direct reports, and their direct reports.

This will include authority to make appointments to the three statutory roles – Head of Paid Service, section 151 Officer and Monitoring Officer – to ensure they fulfil the roles that legislation envisages in maintaining the integrity of the Council. In making these appointments Commissioners should consider the full requirements associated with these roles beyond any specific professional qualifications.

**Recommendation 5:** The Secretary of State should consider directing Thurrock Council to prepare, agree and implement a plan to address the fundamental issues that have allowed decision-making power to be drawn to a small group of members and officers. This should be part of the extended recovery plan (see recommendation 2) and include:

- immediate action to address the weaknesses in governance as these have undermined transparency and effective and informed decision-making, including by making improvements in the taking and recording of formal decisions, reviewing the constitution, and improving the functioning of scrutiny;
- a programme of work to strengthen members’ capability through:
  - the development and delivery of an effective and continuing member development programme - members should be actively involved in the development and delivery of this programme; and
  - the delivery of a programme which actively encourages local residents to participate in local democracy and to consider standing for election.

Commissioners should agree the design of these programmes and arrangements for independent evaluation of their reach and impact.

Should the Council be unable to address these fundamental issues to the satisfaction of commissioners, it should review the most appropriate governance model for the council, with a view to securing the effective engagement of all elected members and improving transparency of decision-making. Any such review should be conducted prior to any move to all-out elections (recommendation 6).

**Recommendation 6:** The Council should move to all-out elections and if the Council does not itself make such arrangements by 31 July 2023 the Secretary of State should

consider making an order under Section 86 of the Local Government Act 2000, to secure this. This will help provide the opportunity for greater consistency and longevity in political direction, and an opportunity to enhance the Commissioners' work to embed new ways of working and a fit for purpose operating environment.

**Recommendation 7:** The Secretary of State should consider directing the Council to prepare and agree, to the satisfaction of Commissioners, a set of arrangements and protocols by which it will embed good practice with respect to information sharing and transparency. These should reflect and support wider work to develop more open and transparent working practices and behaviours within the Council. They should make explicit:

- the practical mechanisms through which appropriate information on Council decisions and performance will be made available to elected members and to the public; and
- the standards to which Thurrock Council will hold itself in making this information available.

Once developed, these should be included within the Council's constitution.

12. Given the serious nature of the issues that this inspection has highlighted within Thurrock Council, there are clear implications for the wider sector. The Secretary of State may wish to reflect on these, and we would draw particular attention to our findings and reflections in two areas: the role that external audit currently plays in the assurance framework, and the role of statutory officers in maintaining the integrity of governance arrangements and the control environment of their authority. We have made the following recommendations:

**Recommendation 8:** The Secretary of State may wish to commission a review of external audit for local authorities, to consider the role that external audit currently plays in the assurance framework and to make recommendations on how to strengthen the quality of the service and the reporting requirements, particularly in support of an early warning mechanism.

**Recommendation 9:** The Secretary of State may wish to consider:

- issuing guidance to strengthen the role of the three statutory officers, requiring them to work together, and in an integrated way, to maintain the integrity of the governance arrangements and the control environment of their authority; and
- making legislation to strengthen and clarify the role of the Monitoring Officer and the head of the paid service. This may require parliamentary time but in the short term, this should include:
  - amending regulation 4 of the Accounts and Audit Regulations 2015 to introduce a requirement for the Head of Paid Service and the Monitoring Officer to be consulted by the section 151 Officer on any determination on the financial control environment; and,

- amending regulation 6 of the Accounts and Audit Regulations 2015 to require the Head of Paid Service, section 151 Officer and Monitoring Officer to be formally consulted on the contents of the annual governance statement.

This will support the effective functioning of authorities generally and the relationships between the three key statutory officers in particular.



## Part 1: Introduction

13. On 2 September 2022, the then Secretary of State for Levelling Up, Housing and Communities wrote to Gavin Jones, Chief Executive of Essex County Council (ECC), appointing ECC to carry out a best value inspection of Thurrock Council. A copy of the appointment letter can be found in Appendix 3. This report sets out the findings of that inspection and makes recommendations to the Secretary of State.
14. At the time the inspection was initiated, the Secretary of State was already satisfied that there had been failures in financial management within Thurrock Council. The purpose of the inspection was not, therefore, to examine these financial failures in detail. Rather, it was to examine any wider contributing factors and the context of the council's operations that had enabled these failings to take place. Within this, the Secretary of State directed ECC to specifically consider the operation of functions such as governance, audit (internal and external), risk management, overview and scrutiny functions, and their impact on service delivery.
15. The specific purpose of the inspection was to assess the extent of the failure of Thurrock Council to comply with the 'Best Value duty'. This is a duty placed on all local authorities, requiring them to make arrangements that are economic, efficient, and effective, and that requires them to secure continuous improvement in how they carry out their work. We are aware that other agencies are looking into wider issues that have come to light as a result of failures in Thurrock Council's financial management. These agencies will report to the relevant authorities in due course.
16. ECC was directed to report its findings to the Secretary of State by 3 January 2023. In December 2022, ECC wrote to the Secretary of State seeking an extension to the inspection deadline to 17 February 2023, and this was agreed.

### The Best Value inspection

17. In undertaking this work ECC's first responsibility has been to inspect Thurrock Council's arrangements for the functions set out in the letter from the Secretary of State. In doing so we have sought to present a series of well-evidenced recommendations to the Secretary of State on how to mitigate and manage any further risks to the Council and to the residents of Thurrock. We have also sought to prepare a report that can be of use to Thurrock Council, and to those who provide leadership for local communities in the future.
18. This is the first Best Value inspection for which the Secretary of State has appointed another local authority as Best Value Inspector. It is also the first Best Value inspection that has run concurrently with a programme of intervention, also being led by ECC. In its role as Commissioner, ECC is working with Thurrock Council to secure the necessary improvements in its arrangements for strategic financial management.
19. ECC and Thurrock Council are neighbours with longstanding links. There is a multi-faceted relationship between the two authorities. The two councils share, jointly-

commission and co-fund services; they are jointly responsible for some public assets; they work together on highways, health and community safety issues; they both participate in several joint committees. They are partners in a range of projects and programmes across South Essex and sit together on a range of non-statutory joint boards.

20. The depth and complexity of this relationship has required ECC to mobilise the Best Value inspection with the aim of securing objectivity, and to produce a well-evidenced, balanced and useful report.

21. To meet this aim, ECC has shaped its inspection approach to emphasise:

- **Independence:** the inspection team has been led by Tony McArdle OBE, a former local authority Chief Executive at Lincolnshire County Council and an experienced Local Government Commissioner who led the intervention in Northamptonshire. He currently chairs the Improvement Panel at the London Borough of Croydon, and has worked in national roles relating to local government on behalf of both the Department for Education and the Department of Health and Social Care. Margaret Lee is also a member of the inspection team and although she is a former employee of ECC, she left in 2021 and works in other local authority interventions including the London Borough of Croydon and Slough Borough Council. None of the ECC officers on the inspection team have specific links to services or work programmes that are jointly owned by ECC and Thurrock.
- **Structured inspection:** the inspection team has followed a structured process, working iteratively through phases of discovery and hypothesis-testing, before moving on to draw conclusions, verify the supporting evidence and frame recommendations. All findings expressed in this inspection report have been triangulated and verified, either through the testimony of those interviewed as part of the process, or through the examination of documents and emails.

Thurrock Council's former Chief Executive and former s151 Officer have been consulted on some sections of the report which we felt related particularly to them. The Inspection Team has considered all comments received in finalising this version of the report.

- **Broad engagement:** the inspection team have listened widely. They have engaged with elected members from the cabinet, former and current chairs of committees as well as backbenchers from all political groups; they have interviewed current and former statutory officers, members of Thurrock Council's directors' board; middle managers and front-line staff. The team have also engaged with a cross-section of Thurrock Council's partners, MPs and relevant external advisers. As well as undertaking interviews, the team issued a questionnaire inviting input from all Thurrock Council staff and elected members, and have held focus groups with key groups of officers including contact centre staff, democratic services officers and those supporting the Council's Human Resources and Finance functions.

- **Ethical practice:** the inspection team have sought to ensure that meetings and interviews created a 'safe space' for people to talk to us and share their experiences. The team have sought to be respectful throughout the interview process, recognising that the challenges facing Thurrock Council, and the need to answer questions about these, may be a source of stress for many. The team have also sought to act with integrity, undertaking interviews on the basis of informed consent and ensuring that specific claims presented in this report are not attributed to specific individuals.

## **The inspection process**

22. Our work on the Best Value inspection of Thurrock Council began in earnest on Monday 26 September. Since then, we have spent twelve days on site at Thurrock offices and have conducted over 80 interviews, workshops and focus groups either face-to-face or online. A list of interviewees can be found in Appendix 5. We also received a further 77 responses to a questionnaire issued to Thurrock Council staff and members.
23. The inspection team was designed to bring together officers with a range of skills, expertise and experiences that would be relevant to the areas of focus outlined in the Secretary of State's instructions to ECC and, more broadly, to the conduct of effective and impactful review projects. It comprised the following officers:

### **Tony McArdle OBE, Inspection Lead**

As a local authority Chief Executive for over twenty years, Tony led the recovery and improvement of Wellingborough BC and Lincolnshire CC from significant corporate governance and service failures, leaving both as highly respected, capable councils.

He was Lead Commissioner for the government's intervention in Northamptonshire CC, which over three years transformed the insolvent and failed authority into a financially sound and operationally competent one in advance of local government reorganisation in the area. He chairs the London Borough of Croydon Improvement and Assurance Panel in the wake of that Council's difficulties.

Tony leads on the Department for Education's negotiations with councils with the most financially challenged High Needs Systems and was an independent adviser to the Department's recently published SEND review.

During the Covid pandemic he managed the interface between national and local government outbreak response arrangements as Director of Local Engagement and Response at the UK Health Security Agency.

### **Margaret Lee FCPFA, Inspection Lead for Finance**

Margaret has worked in local government for more than 30 years. She was the Executive Director for Corporate and Customer Services at Essex County Council,

responsible for the majority of support services as well as the customer front door. She was also the Chief Finance Officer (s151 Officer).

She is past President of the national Society of County Treasurers (SCT), was an SCT core adviser to the Local Government Association (LGA) and also sat on various national local government finance working groups. She was a member of the LGA Finance Peer Review team who reviewed Northamptonshire County Council in September 2017, and worked on a CIPFA panel on the new code of Practice for Financial Management and Planning to improve financial resilience. She was also co-author of the CIPFA paper on the role of the s151 for Local Enterprise Partnerships.

She is now the finance lead on the Improvement and Assurance Panel for the London Borough of Croydon, and is also the Best Value Finance Commissioner for Slough Borough Council – supporting both authorities on their journey back to stability following their S114 notices.

### **Pam Parkes FCIPD, Executive Director People and Transformation, Essex County Council**

Pam is currently employed at Essex County Council as the Executive Director, People & Transformation. Her leadership for services includes: Human Resources, Organisation Development, Digital Service Design, Programme Office and Business Support services. She is a FCIPD qualified senior HR and OD practitioner with a track record of delivering measurable workforce success at some of the most challenging and ambitious local authorities in Central and Greater London.

Pam's expertise and experience in HR and OD spans 38 years including working for the London Boroughs of Southwark, Lambeth, Hackney and Croydon, operating at executive level in Hackney and Croydon Councils and has earned a reputation for leading and achieving award winning workforce transformation.

Pam is a board member of the Public Services People Managers Association (PPMA), as well as a trustee for the SHiFT Organisation, a charity focused on supporting young people in or in danger of repeated cycles of criminal activity.

Pam is a driven and passionate practitioner of people management and organisation development and has a strong interest in the factors that create the right conditions that make organisations in local government high performing and the best places to work.

### **Paul Turner, Director, Legal and Assurance, and Monitoring Officer, Essex County Council**

Paul is currently responsible for Essex County Council's Legal and Democratic Services and its Assurance services including risk management, internal audit and counter fraud, emergency planning, information governance and health and safety. Having worked for six local authorities since 1992, including a very large district and a

metropolitan district, he has significant local government experience and legal expertise in almost all areas of local authority law.

He has been Monitoring Officer or deputy Monitoring Officer for over twenty-one years, managing a diverse range of issues and legal cases. He played a key role in the management of the local authority response to coronavirus (COVID-19) in Essex and has since been working on delivery of the Homes for Ukraine scheme in Essex.

Paul is currently Chair of the Lawyers in Local Government Eastern Region.

### **Joanna Boaler, Head of Democracy and Transparency, and Statutory Scrutiny Officer, Essex County Council**

Joanna's career so far has been spent supporting politicians to be effective.

Following a brief spell working for two MPs, she joined Essex County Council almost 19 years ago as a Cabinet Adviser, later taking on responsibility for wider support and development of councillors. She was instrumental in the creation and accreditation of the member development programme and undertakes peer assessments as part of the LGA Councillor Development Charter and Charter Plus.

She is currently Head of Democracy and Transparency, responsible for a team who support all members and their meetings as well as the scrutiny and civic functions. She is the Council's statutory Scrutiny Officer and deputy Monitoring Officer. She also has responsibility for freedom of information and information governance.

Outside ECC she is a board member of the Association of Democratic Services Officers, where she leads on communications.

### **Alastair Gordon, Head of Profession: Research and Insight, Essex County Council**

Alastair has sixteen years of experience in local government, all spent with Essex County Council. He currently leads the council's award-winning Research and Citizen Insight function. He was previously Head of Policy and Strategy.

In his current role, Alastair is responsible for the Council's quantitative and qualitative research programmes, including its work on public health intelligence. He also leads on work to ensure effective public consultation, the evaluation of key policy programmes and the development of its public engagement infrastructure.

Alastair has also spent several years working in central government, initially with the Department for Work and Pensions and, most recently, as Local Government Adviser to the National Infrastructure Commission.

24. Between them the inspection team have some 181 years' experience of working in local government across sixteen different local authorities.

## The borough of Thurrock

25. Thurrock has an estimated population of 176,000 people living in some 70,000 homes. It lies on the River Thames to the east of London. It has 18 miles of riverfront and covers an area of around 64 square miles. With Greater London to the west and the river to the south, its other borders are formed by the administrative County of Essex to the north and east.
26. In common with neighbouring areas across the Thames estuary, Thurrock has long been seen as an area with significant opportunities for growth and development. Its location means it has excellent transport links with London, and the rest of the UK, by road (via the M25 and A13 corridor) rail, river and air. This creates opportunities for residents, many of whom commute into the capital for work. Links with London have helped to maintain relatively high levels of economic activity and higher than average incomes for many of those living in the borough.
27. Partly as a result of Thurrock's location, the local economy has developed strengths in sectors such as transportation and logistics. The borough is home to the Port of Tilbury and London Gateway - a new deep-water port and enterprise park. Thurrock also has a burgeoning cultural and creative sector with notable local assets such as the High House Production Park providing a focal point for partners' work to develop an international centre of excellence. The borough is also home to the Lakeside Shopping Centre - one of the busiest retail sites in Europe.
28. These opportunities, and the benefits they offer for local communities, have yet to be realised in full. Where economic growth has been secured, the proceeds have not been enjoyed by all residents and the borough faces challenges associated with significant pockets of poverty and deprivation. This is a driver of significant inequality in wider social, economic and health outcomes between neighbourhoods.
29. Thurrock Council is ambitious for the borough and its residents. Recognising the area's economic potential, the Council has previously articulated a programme of borough-wide economic regeneration focused on six distinct growth hubs: Purfleet-on-Thames, Lakeside, Grays, Tilbury, London Gateway and the Thames Enterprise Park.

## Thurrock Council

30. A local authority serving the whole Thurrock area was first created in 1936, with the Thurrock Urban District Council. The council was reconstituted with similar boundaries in 1974 as Thurrock District Council, becoming a borough by Charter in 1984. Between 1974 and 1998 Thurrock Council was a non-metropolitan district council within a two-tier local government system. As such services such as education, social care and highways were run by Essex County Council.
31. In April 1998 Thurrock absorbed the powers of Essex County Council for its area, becoming a unitary authority. The planning function for large developments was exercised by the Thurrock Thames Gateway Development Corporation in the whole of

the borough from 2003 to 2012. The development corporation was abolished and most of its functions and assets transferred to the Council in April 2012.

32. Thurrock is divided into 20 wards and elects 49 councillors. One-third of the Council is elected every year for a four-year term and so in every fourth year there is no election.
33. Political control within Thurrock has been finely balanced for at least 15 years. Thurrock Council has been led by a minority administration in all but four years since 2007. There was a Labour majority administration between 2012 and 2014 and there has been a majority Conservative administration since 2021. In the intervening years the Council was led by minority administrations, first by the Labour Group (2014-2016), and latterly by the Conservative Group (2016-2021). The minority or small majority administrations which have run the Council, combined with frequency of elections, has created a challenging environment in which members and officers must work hard to develop and deliver long-term plans for the borough. The Council operates a leader and cabinet model of governance and has done so since the introduction of this model in 2001. As at mid-2022 the Council's Leader had been in his position for six years.
34. As with most local authorities, the Council's senior management team is a mix of 'home-grown' officers and those recruited with experience elsewhere. At the beginning of our inspection, the Chief Executive had been in post for six years and the Chief Financial Officer (section 151 Officer) for seven. Both have since resigned and new appointments have been made on an interim basis. The Council's Monitoring Officer position changed frequently during this time with five incumbents since 2017. Two of the five were more junior officers filling the position on an interim basis. During our work an experienced interim Monitoring Officer was appointed from outside the Council, although we understand he is shortly to be replaced.
35. Since becoming a unitary authority Thurrock Council has experienced periods in which it has struggled to sustain good performance and continued improvement. For example, in February 2007, the Audit Commission gave Thurrock Council a two-star rating under its Comprehensive Performance Assessment framework, indicating that the Council was meeting only minimum requirements. Key challenges in securing improvement following this judgement included the departure of the then Chief Executive, weaknesses in financial management arrangements and strained relationships between members and officers. In response to this, the Council established a voluntary Improvement Board, working closely with Improvement East and the IDEA. The results of a Corporate Peer Challenge in 2011 suggested that the Council's work had set it on a positive trajectory.
36. In more recent years, Thurrock has benchmarked well against its peers and nearest neighbours in terms of its operational performance. For example, examination of data published under national performance frameworks suggests that Thurrock Council achieves good results in its Adults Social Care and Children's Services functions. The Council has also secured and sustained improvements in Ofsted assessments, with the Council assessed as 'Good' in 2019, following a judgement of 'Requires Improvement' in 2016.

37. Thurrock Council has also enjoyed a reputation as a low council tax authority. Only three single tier authorities outside London had a lower Band D council tax rate in 2022/23, meaning that local residents have enjoyed good quality services at a lower cost than that paid by others across the country. Undoubtedly, the presence of the investment programme outlined in the following section had some bearing on this.



## Part 2: Thurrock Council's Investment Strategy

38. Over the past five years, Thurrock Council has pursued an investment strategy unique within local government. The strategy was based on borrowing money on a short-term basis from the local authority market to fund longer-term investments which secured a higher rate of return. The strategy ultimately failed. The full scale of the financial losses incurred is not yet known. Nevertheless, it is clear that if the Council is to be placed on a sustainable footing – and it is not yet certain whether this will be possible – it will need to operate very differently in the future.
39. If Thurrock Council is to learn lessons and make improvements, it will need to understand how it has come to be in the position it is in today, and consider how it needs to go about its business going forward.

### The origins of Thurrock Council's Investment Strategy

40. The root of Thurrock's unique investment strategy can be traced back to May 2016 when the Council made an investment of £24m in Swindon Solar Farm operated by Rockfire/Toucan. This investment was made by the then s151 Officer, under delegated authority set out in the Treasury Management Strategy approved by the Council in February 2016, and having consulted with the then Chief Executive. Prior to this, the only investments the Council held were in the Local Authority Property Fund run by CCLA Investment Management. A further £10 million was invested in Swindon and Willersley Solar in August 2016, again under delegated authority.
41. Investments continued to be made throughout the early part of 2017/18. These included a £40m investment in Wirsol Solar (part of Rockfire/Toucan), an investment of £8m in Chip Chip Limited – a renewable energy firm specialising in reclaiming energy from wood chippings, and a £10m investment in bonds issued by Just Cash Flow plc – a provider of loans to small businesses. Again, all these investments were made by the s151 Officer under delegated authority.
42. Although the range of investments placed by the Council was already growing steadily, a step change occurred following the adoption of the Council's new 'Investment and Treasury Management Strategy' in October 2017. This strategy was adopted with cross-party support. This marked the start of a significant expansion of the Council's investment programme, positioning investments at the heart of the Council's wider strategy to tackle significant funding pressures. We have heard from some elected members and senior officers that this was intended to be a time limited strategy to create 'breathing space' to enable the Council to invest in the much-needed transformation of services. Some have suggested that the purpose of the strategy was to help the authority repay debt and others that it was primarily intended to help maintain service levels.

43. The report to Council on the Investment and Treasury Management Strategy set out how the expanded investment programme was to be managed. The overall programme was subject to six new 'principles' approved by Council:
- "the agreement to invest does not supersede existing work streams such as the service review process, asset utilisation, etc; [all of which were intended to secure savings and/or increase income];
  - Council should consider a diversified investment approach;
  - investments should favour short-term borrowing by the council;
  - appropriate due diligence, including the assessment of borrowing risk, must take place before new significant investments are made;
  - accountability and governance to the Executive / wider council must be a critical component of 'open' investments and an overview of any investment in excess of £10m and for longer than one year [should] be presented to the three group leaders and their deputies before any firm commitment;
  - there has to be firm differentiation between investments which have an implied municipal duty, and investments made in private sector markets. Where the latter, appropriate expertise must be procured so to ensure that the council does not obscure its role and manage entities outside of its expertise."
44. In 2017/18 the Council increased the scale of the 'non-specified' investments that the s151 Officer could make under delegated authority from £200m to £550m, and the cash limit for any one external fund manager from £75m to £425m (the limit on investments that can be placed with an external fund manager would be increased further to £750m in 2019/20). This is an extraordinary expansion in the delegated authority of officers. It was made without consideration of the experience and skills that would be needed: experience and skills that officers have since recognised did not exist within the Council.

### **The growth of the Council's investment portfolio**

45. Having adopted this strategy, the Council quickly expanded the scale of its investment portfolio. In December 2017, it invested £268m in Rockfire/Toucan's 'Miramar' project. This was the Council's largest investment to date. It had been presented to the leaders and deputy leaders from the Council's three main political groups via a meeting of the 'Council Spending Review' (CSR) – the informal vehicle set up to ensure members had an overview of the Council's finances. This was seen as the natural route to provide oversight of Council investments, in accordance with the principles set out above. The Miramar investment appears to have been supported by all attendees. The CSR meetings were not formally authorising the investments as it was an informal body with no decision-making powers, and the Council had formally delegated that power to the s151 Officer. The CSR meetings were not formally minuted and, while some attendees may have taken informal notes, we have not seen these as part of our inspection.

46. Other investments followed and, by the end of 2017/18, Thurrock Council had made investments totalling £446m. This increased to £847m by the end of 2018/19. By early 2020 the value of Thurrock Council's investments was approaching £1 billion and there were plans to increase to £2 billion in future years.
47. It is astonishing, given the principles agreed by Council in 2017, that only one further investment proposal was tabled for a substantive discussion at the informal CSR meeting during this period – a £43.8m investment in the Sheringham Shoal Offshore Wind Farm. Although the investment programme was referenced in broader discussions around the Council's medium term financial strategy (MTFS), there were only three other discussions dedicated to investments at the CSR up to the end of 2019/20, despite the establishment of the investment principles referred to in paragraph 43 above. We have seen no evidence that papers were prepared to support these discussions, and formal minutes were never recorded, but the agendas suggest that dedicated discussions on the investment opportunities were scheduled to last no more than two hours in total over these two years. Despite the fact that Council had delegated decision-making to the s151 Officer, there was a clear opportunity to use CSR meetings to oversee the investment programme and ensure that investments conformed to the principles approved by Council. This opportunity was never taken.
48. Reporting on the investment strategy was equally limited outside the CSR. There was no reporting of the performance of the programme or associated risks to the Council's 'directors board' – the most senior officer group within the Council; nor was there reporting to informal meetings of the cabinet. We have found no evidence to suggest that the s151 Officer provided the Cabinet Member for Finance with anything other than informal and high-level updates. Our examination of email exchanges between the s151 Officer and the Cabinet Member suggest that there were no reports on the Council's investments that would be sufficiently meaningful to allow the cabinet member to understand the merits of specific investments. It was therefore not possible for there to be an adequate understanding or appreciation of the risks being taken, including the lack of diversification in the portfolio, despite Council agreeing this would be one of the investment principles.
49. Over this time, the s151 Officer made investments of over £500m without meaningful reference to elected members. He did so on the basis that individual transactions were below £10m in value or were with organisations with which the Council had already made investments and were therefore not 'new' investments. Unbeknown to anyone beyond the s151 Officer and staff in the Treasury Management function, the Council built-up substantial investments with particular organisations without any Member or Executive oversight.
50. The internal checks and balances that one would expect to see, which would have provided challenge and possibly prevented this situation from arising were either weak or wholly absent. Although the investment programme was arguably the most significant and high-risk activity the Council was undertaking it was:
- rarely, if ever, discussed among senior officers. Beyond the s151 Officer, Chief Officers had little knowledge or understanding of the nature or extent of the

investment programme. There was certainly no sense of shared ownership for the programme or a shared stake in (far less accountability for) its success;

- only ever placed as an ‘opportunity’ on the Council’s strategic risk register. The level of risk associated with the programme was never properly identified or made explicit within strategic risk reports. These reports received only the most light-touch and transactional attention in directors board meetings;
- never a focus for internal audit. The Council’s internal audit function was at no time instructed to examine any aspect of the investment strategy, nor did internal auditors seek to recommend or prioritise any such examination based on an assessment of the risks;
- never considered as a risk by the Standards and Audit Committee. Reports to this committee identified the investment programme as an opportunity only;
- acknowledged by one external auditor in reports as a solution to gaps in the Council’s MTFS gap, with little attention paid to the risks the programme presented to the authority; and
- not a regular topic of discussion between the Chief Executive and the s151 Officer. The s151 Officer’s annual performance objectives do not reference the investment strategy, other than as an input to the wider MTFS, until 2020/21. In any case, one-to-one meetings may not have functioned in a way that would have allowed for an open discussion of risks and emerging issues (see paragraphs 123 - 125). We cannot see any actions coming out from these meetings to suggest that such discussions had taken place.

51. This meant that, although the s151 Officer’s actions were wholly inconsistent with the principles approved by Council, these actions went unchallenged by members, the Chief Executive and senior officers for several years, and until at least 2020.

52. The overall scale of the programme was presented in aggregate in the annual budget papers, and in high level updates to the Corporate Overview and Scrutiny Committee and the Standards and Audit Committee. But the information was minimal and high-level at best. It was not supported by adequate explanatory text, nor was it set out in a way that would aid understanding by non-specialists in local government finance. Only readers who understood what they were looking for, and knew how to interpret the figures reported, would be able to fully understand these reports. Given that Thurrock members had received virtually no training in reading accounts or in local government/council finance, it seems unlikely that members can have understood the reports which they were asked to review and upon which they voted.

### **Full Council 27 February 2019**

The effects of the Investment Strategy on the operations, and seemingly the mindset, of the Council are at this point quite considerable.

At the meeting of the Council (the annual Council Tax setting and budget meeting) on the evening of 27 February 2019, the budget debate is preceded by a consideration of the annual review of the Council's Capital Strategy. This is where the Council's Investment Strategy is reviewed.

In the presentation of the proposed strategy, it is reported by the Cabinet Member for Finance that in the current year (2018/19) the contribution of investment income to the Council's revenue budget totals £13.6m, and that it is projected for the coming year (2019/20) to be £23.4m, over one-fifth of the sum that is about to be proposed as the Council's budget requirement. The report envisages further borrowing for investment purposes which will raise the Council's debt level to almost £2bn by 2022.

Both opposition group spokesmen rise to support the report. No debate takes place. The item is concluded in under 2½ minutes.

The minutes of the meeting record that the Cabinet Member for Finance, 'presented the report that set out the strategic framework underpinning capital expenditure and the associated financing at the Council. The report also included the Treasury Management Strategy which had been previously considered in isolation up to 2018/19 which was also linked to the Council's ambitions of becoming a more commercially focused borough; one where sensible transactions were completed which created revenue returns that could then be allocated to spending on the services for Thurrock residents.'

53. It is notable that cabinet members asked few questions and provided too little challenge to officers. Members of the cabinet were prepared to trust the word of the s151 Officer without substantive supporting evidence or independent assurance, and did not seriously question the programme as long as the revenues continued to come in.

'The money coming in was nice and we can't escape that. When other places were looking at significant cuts we were having arguments here on how to spend the surplus.'

54. These revenues were allocated to avoid cuts and council tax increases, and to fund short-term political priorities. They were not used to enable service transformation or pay down debt. Rather than driving the modernisation of services and reducing costs as a result – an exercise that was playing out across the wider local government sector – Thurrock Council built the income from high-risk investments into its base budget. At the time of the Council’s February 2020 budget meeting, the Cabinet Member for Finance reported that “income from investments was projected for the coming year to be over £33m which equated to around 25% of this Council’s non-grant income”. The Council allowed itself to become reliant on these investments to support its business-as-usual spending.

### **Full Council 26 February 2020**

This is the next annual review of the Capital Strategy, again preceding the setting of the Council’s budget.

Some adverse press coverage of the Council’s investment strategy has recently appeared. It is nonetheless confirmed by the Cabinet Member for Finance that the administration plans for the protection of services afforded by income from the strategy to continue and indeed for the Council’s operations to be expanded to include provision of additional services that residents want – examples given include funding more police officers, mental health support and enhanced air quality measures. The contribution to the Council’s projected spending requirement of £140m to be derived from the investment strategy is estimated at £33m – around 25% of the Council’s budget. It is evident that by this point the product of this revenue source is an essential part of the Council’s base budget. The report, indeed, includes estimates through to 2023 which project borrowing rising to over £2bn.

At this point, no long-term debt has been repaid, and no corporate transformation strategy is being pursued. While these facts may reasonably be known to the Council, it will not be clear to members generally, and seemingly insufficiently so to the small number of leading members who are aware, that the principles under which the investment strategy is required to be undertaken are being ignored; the Council’s investment advisers have resigned and have not been replaced; the warnings given in the Peer Review six months previously have gone unheeded, no one is holding the s151 Officer to account and the first impairment under the strategy has already occurred, with a loss (of £14m) resulting from the collapse of Chip Chip Ltd.

In the course of the debate which follows, concerns are raised by opposition members over the total amounts being invested, and over the adequacy of the oversight arrangements that members are in a position to exercise. While no record is made of the vote that ensues, it seems clear that opposition members do not vote in favour of the recommendation. However, the strategy is agreed despite the reality of the situation being that, in essence, the Council is not investing; it is gambling.

55. Members, including those within the cabinet, backbench members and those in opposition groups, did ask some questions, but were routinely denied information on the Council's investments by officers. They were either told that this was "commercially sensitive" or that it wasn't their role to consider this information.
56. This denial of information fuelled questions about the transparency of the Council's investment strategy and the levels of debt that the Council had taken on to fund its investment activity. As early as September 2018, the LGA Corporate Peer Challenge team, assembled to review progress within the Council, highlighted the importance of ensuring the investment strategy "operates in an open and transparent way and has robust governance arrangements in place, this is to ensure that everyone understands the risks versus the rewards". Later, in January 2020, the Corporate Overview and Scrutiny Committee recommended to cabinet that "it considers the best way to increase democratic oversight of investment." These requests were echoed by the opposition in the February 2020 Full Council meeting – the first occasion on which opposition members voted against the strategy. At this stage, the Cabinet Member for Finance made commitments to improve oversight and monitoring of the investment programme – but he was unable to introduce this change (see paragraph 60 below).
57. In any case, before meaningful progress could be made, in May 2020 the Financial Times published an article about the Council's investment programme and the manner in which it was being undertaken. The Opposition called for an Extraordinary Meeting of the Council to discuss the article. This was held on 8 July 2020.
58. It is generally agreed among the people we have spoken to that the Extraordinary Council meeting resulted in a decision to 'pause' the investment strategy and not to make any further investments. While there is no record of any formal decision (see Appendix 4, Case study 1) we were consistently informed that such a pause was agreed, and there is reference to this in several documents considered subsequently by the Council.



## Extraordinary Full Council Meeting - 8 July 2020

This Extraordinary Meeting of the Council is called by the main opposition (Labour) group to 'address the issues of concern raised by the Financial Times article'. This highly critical article appeared on 22 May 2020.

The meeting considers an investment briefing report from the Cabinet Member for Finance which sets out a formal response to the key themes included within the article. It rejects the claims made in large part, asserting that 'we do not recognise the concerns set out within the article' and mounts a robust defence of the steps taken with the intention of ensuring that the strategy is being delivered properly and gives good results.

In presenting the report, the Cabinet Member reiterates the investment briefing. Both the report and Cabinet Member mention the opportunity the investment income provides to think longer term on to transform services more effectively. The briefing notes that it has always been intended that the level of investment would reduce over time.

Whilst these aspirations were certainly expressed in the early days in the strategy, they have not been reflected in the annual growth in the scale of borrowing and investment, nor in the decisions taken to expand areas of service provision. They do, however, represent the emergence of some elements of caution, and may presage some of the move towards a pause, although the intention to do this is not stated in the briefing or any part of the discussion that takes place upon it. The debate, indeed, demonstrates some polarisation of opinion within the Council, with demands being made for greater transparency on one hand whilst on the other some expressions of interest in being even bolder, given how successful the strategy is proving to be.

The debate concludes with the briefing report being noted. It is impossible to conclude other than that the intent of the Council is to continue as planned, and towards the £2bn programme previously agreed, but as time passes this does not prove to be wholly the case.

### The investment programme following the 'pause'

59. Two years passed between the informal but understood 'pause' to the investment programme and the unravelling of the wider investment strategy in summer 2022. Public discourse in this period was dominated by the coronavirus (COVID-19) pandemic and the policy response. Partly as a result of this, members and officers' focus on the investment programme reduced even further than had hitherto been the norm.
60. There are, however, several key points to note about the Council's investment programme between 2020 and 2022:
  - Investments continued to be made. Despite the generally acknowledged 2020 'pause', further investments were made and existing investments were refinanced.



Evidence for this comes from the reports to the Council's Standards and Audit Committee. A report to the committee on 10 September 2020 shows investments valued at £987m. By the time of the 24 November meeting, the value of the investments is reported as £1,034m, and by 9 September 2021 they have risen again to £1,068m. Whilst some of this may reflect commitments made ahead of the apparent 'pause' decision, it is clear that some of it was new. For example, as late as April 2022 the Council signed an agreement with the Shard group of companies which included new commitments, including non-return of capital money due. This allowed Shard to retain £20m from capital repayments with a view to investing in future projects. This didn't oblige the Council to invest in any particular schemes, but created a clear statement of intent: "As at the date of this Agreement, Thurrock holds the Existing Commitments to the Existing Shard Credit Vehicles... It is intended that Thurrock will make New Commitments in the future."

- The Cabinet Member for Finance pushed for greater oversight and transparency, having committed to greater openness at the February 2020 Council Budget meeting. An informal 'Shadow Investment Committee' was established and met once in September with a second meeting being held in December 2020. It received updates from the s151 Officer informed by analysis undertaken by Camdor Global Advisers – the Council's new investment advisers appointed in July 2020. Although it is not clear exactly what information was put before members, Camdor's December report highlighted key risks, data gaps and immediate issues that required attention. The Shadow Committee did not meet again after this.

Nevertheless, the Cabinet Member continued to seek support for a formal committee to oversee investment decisions, and for the Council to prepare an 'investment strategy statement (ISS) that would make the investment programme transparent to all members. Following consultation with officers, the Cabinet Member began work on a draft ISS. He also pursued the development of a new investment committee with both the s151 Officer and at the Corporate Overview and Scrutiny Committee's June 2021 meeting. But limited progress was made. Emails shared with the inspection team show the cabinet member's increasing frustration with inaction on the part of the s151 Officer, whose workload was acknowledged to have significantly increased during this period of time due to taking on regeneration project delivery, culminating in his writing to the Chief Executive to raise concerns in November 2021. Only in January 2022 does the s151 Officer take a discussion paper on 'Investment Committees' to the Corporate Overview and Scrutiny Committee. Members indicated that their preferred option was to oversee what they believed to be a 'diminishing portfolio' of investments through existing committees.

- The Council's investment programme featured further in the media. The Council continued to receive questions from journalists to which it continued to offer unwavering defence of its investment strategy. Emails showing exchanges between senior officers and members on the preparation of reactive press statements have been shared with the inspection team. These emails illustrate the strength of the reassurance provided by officers to members on the soundness of the Council's investment strategy, a disregard for credible external challenge and reasonable questions, and a denial of key risks and issues – even when these have been recognised as genuine by members of the Council.

61. As this was happening, those closest to the investment programme were being made to face up to serious issues relating to the investments. Following Chip Chip's entry into administration in February 2020, further issues were exposed by the work of Camdor and, by late 2020, red flags were being raised about a £30m investment with Pure World Energy (PWE) – another firm operating in the renewable energy sector. By July 2021 serious issues were being raised about the £94.2m the Council had invested with JCF/JLG (a provider of loans to small businesses) and concerning Rockfire/Toucan where the Council had lent £655m to enable the company to invest in solar farms.
62. The s151 Officer together with the Monitoring Officer, Camdor and some other Council staff formed a group to attempt to recover the situation with these failing investments. We believe they largely kept these matters to themselves, and the Chief Executive, Leader, and other senior officers (including the Deputy s151 Officer) and members were not informed about the seriousness of the situation. Far from raising these issues, however, the 2022/23 Budget report set before Council in February 2022 appears to admonish members for the “pause” in the Council's investment programme:
- “...despite the approach successfully enduring the test of a 22-month international pandemic, the Council continues to deprioritise the previously council-wide agreed investment approach. This means investments that were planned and agreed as part of the medium-term financial strategy have been removed from forecasts and existing investments will not be replaced. The removal of this funding support mechanism increases the funding gaps faced by the Council over the short to medium term. As such, the current investment surplus in excess of £30m per annum will be removed in a phased manner from the council's finances over the next decade adding to the annual pressures that every council faces.”
63. But just four months later, in June 2022, the s151 Officer briefed the Chief Executive on the reality of the challenges facing the Council's investment portfolio. The Leader was subsequently briefed, and the Chief Executive resolved to take direct control over the response to the issues. She mobilised officers and advisers to begin to gather the information she needed to understand the situation.
64. However, in July 2022, Arlingclose – operating in their capacity as a Treasury Management adviser to many local authorities across the sector – wrote to their clients advising them against lending to Thurrock Council. As part of its strategy the Council regularly needed to borrow money to repay previous short-term borrowing. The contraction in lending squeezed the Council's cash flow such that it would have been unable to pay back loans to other councils, and unable to pay its own employees' salaries which were due in the following week. This led the s151 Officer, without wider consultation, to apply for loans from the Public Works Loan Board (PWLb). But the Council's urgent requirement for funds was outside of the normal timeframe for enabling such requests to be processed - five days' notice being required to access PWLB funds. The s151 Officer therefore had to seek emergency PWLB advances which had to be escalated via the Department for Levelling Up, Housing and Communities

(DLUHC), and HM Treasury, and ultimately signed off by the Chief Secretary to the Treasury.

65. This is the extraordinary chain of events which prompted DLUHC to appoint Essex County Council as Commissioner to oversee Thurrock Council's financial management and to initiate this Best Value inspection. It is these events that triggered the resignation of the former Council Leader, the suspension and subsequent resignation of the s151 Officer, and the Chief Executive being placed on extended leave and then resigning.

### Red flags and prompts for reflection

66. A key factor in the ultimate failure of Thurrock Council's investment strategy, was that external challenge and criticism was readily dismissed and downplayed within the Council. There were multiple 'red flags' and warning signs in the 2017-2020 period which provided the Council with an opportunity to take stock of the way the investment strategy was being run and to consider changes. But we have found that those who knew about these red flags generally ignored them or explained them away. As a result, opportunities to pause, learn and make changes were lost.

### Advice from Arlingclose – the Council's treasury management advisers

67. Perhaps the first significant 'red flag' came in March 2018. Arlingclose, who were then the Council's Treasury Management advisers, wrote to the s151 Officer to express concerns about the way in which the Council was managing its investment programme. In the letter, Arlingclose set out that 'the Council's higher risk appetite and adopted strategy is what we would classify as extreme,' and that it had 'moved the Council well beyond the bounds of what we consider to be prudential risk management boundaries.' The letter raised concerns about investment in unrated bonds, the risks of refinancing investments and the overall debt levels being taken on by the Council.
68. The s151 Officer did not heed these warnings. It is not clear who if anyone other than the s151 Officer saw the correspondence with Arlingclose although it appears that the full contents were not shared with the Cabinet Member for Finance, the Leader or the Chief Executive. The March 2018 letter added that the risks being taken by the Council went far beyond the services that Arlingclose were mandated to provide and that whilst Arlingclose was prepared to work to support the Council to remedy the situation, to do so it would need to perform a larger role which would attract higher fees (£75,000 per year, compared to the £15,000 per year which the Council had been paying up to this point). Arlingclose have told us that the proposed fee increase was commensurate with other clients with extensive investments.
69. The issues raised by Arlingclose did not result in any changes. Arlingclose wrote again to the s151 Officer in December 2018 to give notice of their intention to terminate their contract with Thurrock Council. The s151 Officer wrote back to Arlingclose in January 2019 stating 'I do not believe we can have a working relationship going forward'. It appears that those who knew about the letter in the Council's finance department dismissed the correspondence as an attempt by Arlingclose to charge

higher fees and that this was how the correspondence was presented to those members who were told about it. We found no evidence that members or other senior officers were given a copy of the letter. No substantive attention seems to have been paid to the concerns expressed by the treasury management advisers. Since the end of the contract with Arlingclose in March 2019, the Council did not have a contract with anyone for treasury management advice, until Link were appointed in November 2022, some two years and eight months later.

### LGA Corporate Peer Challenge 2018

70. Further concerns about the level and nature of Thurrock Council's investment risk came through the LGA's Corporate Peer Challenge in September 2018. The report of this Peer Challenge noted that 'there are a series of significant risks, which although you recognise, you need to really understand and proactively manage them.' These were identified as:
- 'The scale and complexity of the world in which the Council was operating..., this is a very specialist field and although you have skilled officers the peer team have concerns regarding the scale and leverage of your investments and suggest that it warrants more than the classic local authority audit.' They recommended having a specialist review.
  - 'Risk Management... the peer team ask you to carefully consider whether the risks associated with your investment strategy are fully recognised and are as well managed as they could be...' They recommended improvements in the council's 'approach to governance and openness and transparency, broadening the portfolio of investments, being explicit about the investment structures being used and establishing clear limits on how much can be invested.'
  - 'Long term future policy direction.' The peer team questioned the sustainability of continuing to borrow short and lend long. 'Further down the line you will need to repay debt and will have needed to forecast and plan for this. It would therefore, be prudent to look at the medium to long term plan for this now.'
71. The report from the Peer Challenge was not widely circulated. An action plan was discussed at directors board in January 2019, but in this document the risks identified by the LGA peer team appear to have been largely dismissed. Rather than defining meaningful actions to address the peer team's recommendations, the plan sets out a series of statements that seem dismissive of the points raised in the peer team's report. We found no evidence that the Corporate Peer Challenge report, or the action plan, was considered at a meeting of the Council's informal cabinet, or at any public meeting. Nor can we see any reference to the Peer Challenge, or the completion of agreed actions, in the Council's published performance reports. In interviews with the small number of senior officers and members who were aware of the report at the time of its publication, the inspection team heard that they had 'assumed' that the s151 Officer and the Cabinet Member for Finance had acted on these findings. But given the extensive work needed to address the recommendations, it is difficult to see how the s151 Officer and Cabinet Member could have addressed the recommendations alone. In any event, it appears that no actions were taken as a result of the report.

## Losses resulting from investments

72. Even when the first issues arose with one of the Council's investments, there was limited engagement with the risks of the programme. We have been told that when Chip Chip Ltd went into administration in February 2020 this was viewed as unfortunate, but since it was minor by comparison with the scale of the investment programme (c.£1bn) as a whole, it was judged to be tolerable as an expected aspect of any investment strategy.

'Out of a large portfolio, investments go up and down, you have one fail and this [£14m] is a very small number.'

73. Notwithstanding this view, this should have triggered reflection and review of the overall strategy. Despite losing borrowed public money, the Council did not do so. Had this instead been viewed as a loss equivalent to 10% of the Council's net revenue budget it can only be imagined that more searching questions would have been asked and perhaps a wider understanding of the risks being taken by the Council would have resulted. Ultimately this opportunity was missed, as many members of the Council – having never been made aware of the existence of this investment – were neither told of its loss. There are no references to the loss in reports to Standards and Audit Committee or to Corporate Overview and Scrutiny.
74. The Council endorsed a refreshed investment strategy which potentially increased the size of the borrowing just two weeks after this loss was incurred, at their annual budget setting meeting. There was no reference to the loss in any of the supporting reports.

## Articles in the media

75. Articles by the Bureau of Investigative Journalism, published in the Financial Times in May 2020 (and in other media outlets) provided a further opportunity to pause and reflect. But instead, members and officers doubled-down and defended the Council's position. There is no evidence to suggest that members of the cabinet sought additional reassurance from officers in light of these media reports and before publicly leading this defence. When an Extraordinary Council meeting was called in July 2020 to discuss the article, members largely ignored the information and concerns raised, and instead congratulated the Council and its officers on the success of the programme. As one member described in discussion with the inspection team, the administration felt they had 'got away very lightly' simply because the opposition made no new criticisms as part of the Council debate.

## LGA Corporate Peer Challenge 2022

76. Further warnings were contained in the report of the 2022 LGA Corporate Peer Challenge. This took place in January 2022 – some 18 months after the 'pause' in the investment strategy came into effect – and made clear that:

- the Council had yet to grasp the urgent need for long-avoided transformation, and that the Council’s ambitions outstripped the resources available over the medium term. This peer team’s report stated that ‘Council finances are severely challenged ... using more reserves than in previous years ... with no solid plans for 2023/24 and there is likely to be insufficient reserves available for use ... This is not a sustainable position and does not demonstrate good financial management.’
- Improvements were required in governance and oversight of the Council’s investment, commercial activity, and current/future capital programmes.
- Members needed more information. With respect to financial planning and management, the peer team recommended informal briefings and further detail in published reports.

At the time of our inspection, we could see no sign that the Council had made significant steps towards addressing these issues.

### Financial impact on Thurrock Council

77. During the initial years of the investment strategy the additional revenues it delivered allowed the administration to avoid some of the difficult decisions on service reductions and council tax increases that were seen across the wider local government sector. The additional income also helped to shore-up local services. Emails shared with the inspection team suggest that the informal feedback received from Ofsted was that if Thurrock Council hadn’t been in a position to fund a range of initiatives for children, it may not have secured the improvements it had in Children’s Services at the time of its 2019 inspection (the authority went from ‘Requires Improvement’ to ‘Good’).
78. But in the longer-term, the ultimate failure of the investment Strategy will have a catastrophic impact on Thurrock Council’s finances. The full extent of the Council’s financial difficulties will not be known for some time. At the time of writing, the Council’s Quarter 2 Finance Update 2022/23 suggests that there is an in-year deficit of some £470m, and an estimated structural deficit in 2023/24 of £184m. This is the sum that is in excess of its budget and must be found over and above the cost of the provision of services for the residents of Thurrock (£154m in the 2022/23 General Fund revenue budget). Setting aside the current in-year deficit position, this suggests an ongoing structural deficit of 120%. Given this, it is clear that the Council will be unable to set a balanced budget in 2023/24 within its current resources and without significant support from government. It will need to deliver an extensive savings programme for years to come.
79. In its Capital Strategy report presented to Council in February 2022, the level of borrowing estimated as at 31 March 2023 is shown as £1.3bn (excluding HRA) all of which must be properly accounted for. The annual revenue costs associated with this debt make Thurrock Council – one of England’s smaller unitary councils in terms of population and tax base – highly vulnerable from a financial point of view. The Council does not have a sufficient portfolio of assets that can be sold to significantly reduce this debt burden.



## Thurrock Council beyond the investment strategy

80. In our view, the actions of the former s151 Officer were central to the conception, development and ultimate failure of the Council's investment strategy. He sponsored a strategy that neither he, nor the finance teams he led, had the skills and experience to safely deliver and failed to secure appropriate investment advice. He failed to respect the investment principles agreed by the Council and instead made high-risk investments whilst failing to adequately manage and report on these risks. He also failed to make the Chief Executive and Leader sufficiently aware of issues as they emerged.
81. These factors, and others, prompted the Council's decision to start a disciplinary process against the former s151 Officer. This process began in autumn 2022, following the appointment of Commissioners and as the scale of the Council's financial difficulties became clear. The s151 Officer resigned before this process was concluded.
82. But the account of the investment programme set out above clearly demonstrates that the failings in the Council's financial management do not stem entirely from the actions of the council's s151 Officer. Put simply, the s151 Officer could not have acted as he did in a well-functioning, well-led local authority. Our assessment therefore is that, although serious mistakes have been made by individuals, the challenges facing the Council stem from a series of self-sustaining, systemic weaknesses which have allowed for repeated failure over many years.
83. Over the last five years Thurrock Council has repeatedly failed to identify, understand and properly manage the risks it has taken. It has failed to put in place appropriate structures and processes to ensure accountability and oversight. It has failed to identify and has, in many cases, actively dismissed clear warning signals. When its investments have incurred losses, members and officers have sought to hide these losses, removing the opportunity to take stock and learn from previous mistakes. Thurrock Council's financial difficulties should therefore be viewed as a consequence of wider dysfunction within the Council – not as the cause of this dysfunction.
84. Through our inspection we have identified that this pattern of failure, and the nature of the Council's response, has been enabled by:
- failures in political and managerial leadership and oversight, including a lack of consistent strategic direction and the creation of an inhibiting working environment for those in senior leadership positions;
  - inadequate governance arrangements;
  - weaknesses in the Council's control environment, including failures of the officers in the Council's three statutory roles to maintain the integrity of the authority; and
  - a failure to secure appropriate and sufficient skills, capability, advice and resource to successfully deliver major projects.

85. These factors have combined to create a culture of insularity and complacency, within which:
- the collective work of the Council's most senior officer group has focused on transactional activity at the expense of corporate endeavour;
  - transparency has been diminished;
  - the normal and proper checks and balances have been eroded; and
  - internal challenge has been constrained or discouraged, and external criticism and challenge have been routinely dismissed.
86. The impact of these failures can be seen beyond the Council's investment programme. Although key services such as Adult Social Care and Children's Services have performed well under professional leadership, and with the benefit of a higher level and security of funding than they might have expected, there have been significant and repeated failings in the Council's delivery of major projects. These failings provide further evidence that Thurrock Council has failed to comply with the Best Value duty.
87. Significant transformation is now required within Thurrock Council. The Council's financial position means it is inevitable that, in addition to making extensive efficiency savings, it will have to make a significant and rapid reduction in the scope of local services. Many services, which have been relatively well funded over the past decade may, as a consequence, be equipped to do little more than the statutory minimum for the foreseeable future. Leading this transformation will be a hugely difficult task. It will need to be effectively managed at both the corporate and service level if the Council is to avoid serious operational failures.
88. Tackling failings in leadership, governance, control and culture will be fundamental to the effective delivery of this transformation. Action is therefore required to build, embed and sustain a fit for purpose operating environment within the Council. The recommendations set out at the beginning of this report are designed to support this process.
89. In the sections which follow, we set out more detailed findings from our inspection. As well as providing evidence for our conclusions and recommendations, we hope that these findings will provide a practical guide to those who must lead the process of securing change within Thurrock Council.



## Part 3: Failures in political and managerial leadership

90. We identified significant failings of leadership throughout our inspection. These failings were evident in the behaviours of members and officers, and in the operating style and behaviours of the former Chief Executive.
91. The failings observed are long-standing, systemic and self-sustaining. We have not, therefore, sought to identify a 'principal' or 'first cause.' It is difficult to see what value this would have, even if such a thing could be isolated. Rather, we have sought to describe the aspects of Thurrock Council's operations that enabled these failings to sustain, and the characteristics and behaviours that need to be addressed.

### Leadership provided by members

92. The political leadership of the Council have not set a clear and consistent strategic direction. There is a broadly accepted need for the borough to 'grow', but this is not articulated in any developed way, beyond a series of 'strap lines'. Nor have many of the growth projects undertaken by the Council, either as local initiatives or as a contractor acting for other agencies, been properly understood in terms of the governance, skillset or degree of attention necessary to bring about successful delivery. The Council's Corporate Plan, which was designed to ensure, among other things, that operational activity was aligned with strategic aims, fell into disuse and production and approval of its replacement has been repeatedly postponed. A draft has existed for some time, but members and officers have not been able to agree a version to publicly report it to cabinet for recommendation to the full Council.
93. The cabinet also failed to set direction by taking difficult decisions. We have heard from multiple sources that the cabinet avoided difficult choices on the prioritisation of resources. In years when budget savings had to be identified, cabinet members rejected all savings options, leaving it to officers to develop plans to achieve a balanced budget.
94. In the absence of clear goals and a strategy to achieve these, political leaders' energy has been concentrated on a narrow range of operational activities focused on 'place' and 'street-scene' issues. The phrase 'clean it, cut it, fill it' has been central to the administration's thinking and to its interaction with wider members and officers. The clearest examples can be seen in those years in which the investment programme delivered returns - these were used to fund short-term initiatives set out through what has been described to us as a "members' wish-list" rather than to enable any wider strategic change.
95. This short-termism is driven, in large part, by a combination of Thurrock's fine political balance, exacerbated by holding elections 'by thirds' which results in an election taking place in three out of every four years. This leaves any minority administration vulnerable, with any small change in election results potentially leading to a wholesale

change in political control. We have heard consistently that work to bring members' attention to the big strategic issues is only possible for a few months each year, as they quickly go back into 'election mode' for the following year.

96. As well as failing to set a clear political direction, cabinet members have failed to hold officers to account for delivery. Our discussions with current and former cabinet members indicate that many now recognise that there was a fundamental lack of curiosity, tenacity and follow-through in the scrutiny of Council investments:

- Too few questions were asked of officers. Members adopted the investment strategy with a clear expectation as to how it would operate but did not seek to institute a regular system of reporting on the scale, composition, and performance of the Council's investment portfolio. Instead, they accepted a monitoring arrangement through which minimal and high-level information was shared. This undermined proper oversight of the programme.

We did not see any evidence of members asking questions about the risks of the programme and how these were being managed or mitigated – even when third-party reports such as the 2018 LGA Corporate Peer Challenge, raised concerns. A senior cabinet member told the inspection team that “it was agreed that everything that came from that [report] would be embedded in the way that we operate... and I assumed that it had been done”.

- Questions asked were too often rebuffed. Where members did ask questions about the scale, composition and performance of the investment programme, and indeed about the companies with which investments were held, they were routinely told by officers that this was 'operational' and/or 'commercially sensitive', and that it therefore could not be shared with members. These responses were often unsustainable and potentially unlawful, but they were accepted too readily and without effective challenge.
- Casual spoken answers were too readily accepted. Members accepted spoken reassurance from officers that everything was 'going well' with the Council's investment strategy and that appropriate protections were in place to safeguard the Council's interests. Even after senior cabinet members were informed of substantial losses within the investment programme (e.g. the £14m Chip Chip loss in February 2020), they continued to be satisfied with spoken assurances on the performance of the programme.

97. There was little understanding of the nature of the investments made and the associated risks, and little expertise among members on the subject. In the absence of this understanding and expertise, the administration placed its trust in officers, but ultimately did too little to assure itself that this level of trust was warranted.

98. This lack of curiosity and failure to hold officers to account is not limited to the Council's investment programme. This theme is explored further in Part 5 of this report which examines failings in the delivery of major projects.

99. Wider failings in the behaviours of some members have contributed to these problems. It is well understood among Thurrock Council officers that some members

routinely leak information to the press although, it cannot be proved which members are involved. This is not a problem that is unique to Thurrock, but the response of officers sometimes seems to have been to simply restrict the flow of information that is given to members, on the basis that if they are not told, they cannot leak.

100. These failures in political leadership and weaknesses in member performance have developed in an environment where the training, development and support of members is not regarded as a priority. This will need to be addressed if the Council is to tackle some of the broad failings set out above.
- The current member training and development programme focuses almost exclusively on induction and is run in the three months following an election. It is dominated by generic and high-level briefing sessions on broad topic areas and is poorly attended.
  - Beyond induction, we have heard that there is no meaningful support for member development, with one senior member describing the provision as ‘diabolical,’ and focused on compliance and box ticking.
  - There is no training or development offer for those undertaking cabinet roles. Any members who wish to undertake such training are required to make their own arrangements with third party providers such as the LGA.
  - The Council does have a ‘member development working group’ but it appears not to meet frequently and is not a priority for those involved. After speaking to some members who were disparaging about training, we were informed by officers that they were members of this working group - but those members did not mention the existence of the group to us.
101. The absence of an effective training and development programme, together with senior officers’ inappropriate deflection of legitimate enquiries or proposals, has created an inhibiting environment for members within the Council. They are left to fend for themselves to far too great an extent, navigating complex and initially unfamiliar governance structures and processes. The Council’s senior managers have failed to ensure that members are equipped, trained and supported in their roles, and senior members have not done enough to ensure that those who are new to their role have access to good quality training and support. The effect is that many members have become remote from the core business of the Council – they are less able to pursue the ambitions and aspirations for which they were elected, and they are not empowered or equipped to take sound decisions and hold officers to account.
102. Even within this inhibiting operating environment, it is clear that members have not done enough to get a firm grip on the operations of the Council. As a whole they have been too timid and have lacked the tenacity to follow through on their responsibilities. Given the challenges facing the Council now, the borough will require members to hold and demonstrate qualities of strength, determination and decisiveness that have not been enough in evidence in recent years.

## Leadership provided by senior officers

103. Discussions with Thurrock Council directors have suggested that, in the absence of clear strategic leadership from the administration, officers have played a greater role in defining strategy than might otherwise have been the case. Consequently, both elected members and officers have described the authority and its process and operating practices as ‘officer-led’ rather than ‘member-led.’ But the leadership provided by many of the Council’s senior officers has been inadequate in several important respects.
104. We have been told repeatedly throughout the inspection that the Council's directors have failed to act as a corporate leadership team. Instead, they have pursued silo-based ways of working, within which professional leaders have been able to deliver services and, in some cases, secure significant change within their own business functions. The consequence of this has been that, with the possible exception of the Council’s emergency response to the coronavirus (COVID-19) pandemic where the Council responded effectively, directors have failed to provide collective, strategic leadership.
105. When the Council’s directors have come together – through the Council’s directors board – they have focused disproportionate attention on operational performance issues and on transactional discussions between their siloed professional functions, rather than on working corporately. The Board spent considerable time on collectively reviewing all papers and reports to be presented to members with a view to minimising, what has been described to us as ‘noise in the system,’ but it created little time for strategic planning, or for taking a ‘helicopter view’ on the wider operating environment and changes that will impact on the Council and local residents.
106. That the directors board has been able to operate in this way for some years is a reflection of the fact that, while there are generally positive relationships between individual directors and cabinet members, there is an unproductive collective relationship between the directors board and cabinet. This has undermined the authority’s ability to progress the collective discussion on strategy and to consider difficult discussions on the allocation of resources to key priorities.
107. It is also clear that levels of income available in the early years of the Council’s investment strategy ensured there was sufficient funding to deliver on operational priorities, sustaining and in some respects enhancing service levels. This reduced the need for difficult collective discussions on resource allocation or prioritisation across council functions. Any savings that were required could be delivered within existing service silos. It is worthy of note that, with the exception of challenges in the Council’s waste management service, we have not seen anything to raise significant concerns in respect of the manner in which day-to-day service operations have been conducted.
108. Directors’ transactional, silo-based working weakened the Council’s corporate ‘centre’ and, in so doing, eroded one of the natural checks and balances on the work of senior officers. By focusing narrowly on their own disciplines, directors failed to raise questions and exert challenge beyond their own professional area. They failed to

demonstrate the curiosity and rigour required to effectively safeguard the Council and secure its continued improvement. Other than the s151 Officer, none of the directors interviewed as part of the inspection had any real knowledge of the Council's investment strategy and what this involved. Despite the risks to the authority, and the significance of the income generated to service delivery, this was viewed as the sole preserve of the s151 Officer. Again, this narrowness of ownership was not limited to the investment strategy. We have been told consistently that the delivery of major projects – including infrastructure and regeneration projects the scale of which should necessitate corporate ownership of risk – were seen as the responsibility of individual project managers.

109. There is an urgent need for Thurrock Council to improve collective working between its senior officers, and between senior officers and cabinet members. Positive one-to-one links between individual directors and cabinet members and effective leadership of the Council's professional services will not be sufficient to sustain the burden of decision-making required to guide the Council through change of the scale necessary to secure its future.
110. Directors and senior officers were also directly complicit in the development of a 'good news' culture, in which messaging to members, and to the public, has become focused on the delivery of continuous success. In cases where challenged projects and programmes have excited curiosity from councillors or members of the public, senior officers have too often sought to minimise concern by shrouding the facts in secrecy and delay, often as efforts were being made to deal with issues in the hope of negating the need to deliver bad news at all.
111. There are examples of this practice throughout the Council's investment programme. Failing investments were never widely discussed or reported and we have seen throughout our inspection that members – including many of those holding cabinet roles – were unaware of significant financial losses until mid-2022. But there are wider examples:
  - Senior officers hid the full extent of multi-million pound projected overspends on the A13 widening project from members for several years. Although cabinet members were aware of the details, at the time of writing the majority of Thurrock members have still received no formal report on the final anticipated costs of this scheme. Senior officers provided some information on projected cost over-runs to funding bodies such as the Department for Transport and the South East Local Enterprise Partnership and as things stand, these wider bodies have received more information on the project costs than Thurrock Council members.
  - Senior officers withheld reports by specialist auditors, commissioned to examine the issues underlying failures in the A13 widening project and the Stanford Le Hope Station scheme. These reports, which were critical of these projects' set-up, management and governance, were never shared with members or with project funders despite commitments to do so. When information on cost-overruns on the A13 widening project were shared with members, they were described as arising exclusively from on-site factors rather than from the council's poor contracting and risk management.

- Senior officers also concealed difficulties with wider regeneration projects for fear of losing political support. The inspection team heard from officers that in presenting to project boards, there was an emphasis on relaying positive news and detailing action that had already been taken to mitigate issues. We heard that where challenges were reported, they were rarely shared with members: “there could have been more openness on the difficulties that the projects were facing. That was all reported up to the program boards and then didn't necessarily go any further to overview and scrutiny and cabinet as often as it should. There was a reluctance that, if we shared issues, then the political support for the scheme will be lost and senior managers didn't want to face that risk.”

These issues are explored further in Part 6 of this report.

112. This practice has contributed to the broader decline in transparency within the Council. Both members and officers have reported this as a concern to the inspection team. If members are not given facts which they can use as the basis for asking questions, it is all too easy for questions to be dismissed as at best speculative, and at worst vexatious. The desire to showcase good news and minimise the bad, has contributed to:

- poor quality formal reports which omit key information (this is explored further in paragraphs 149 - 155);
- a routine performance reporting regime that brings operational successes to the foreground whilst underplaying the risks and issues facing major projects and programmes;
- a tendency to rebuff questions from members on challenging topics wherever possible; and
- a defensiveness in the Council’s engagement with the local press.

113. The failures demonstrated by the Council’s directors – silo working, a focus on transactional issues, sharing only good news with members – were driven, in large part, by the behaviours and operating style of the former Chief Executive. These are explored further below.

114. It is worth noting that individual directors did, from time to time, express their frustration with this way of working. There are some examples of directors seeking to promote a more collective approach to corporate leadership and to sponsor discussions on cross-cutting transformation. Nevertheless, it is clear that the director cadre as a whole – through timidity and lack of tenacity – did too little to change these operating practices. We have heard that, rather than speaking up collectively to challenge the status quo, senior officers either left the authority or retreated into informal ‘support groups’ providing advice and moral support to one another and seeking ways to ‘work around’ the Chief Executive. Although this may be an understandable human response, it indicates that opportunities to tackle the factors underlying the Council’s current difficulties may have been missed. The Council’s current directors, many of whom were not in post throughout this period, will need to demonstrate a considerably stronger approach to corporate leadership if they are to guide the Council through the changes that lie ahead.

## Operating style and behaviours of the former Chief Executive

115. Leaders at the top of an organisation invariably set the tone and have a major influence on an organisation's culture. The leadership style of the Council's former Chief Executive has therefore been a recurring theme throughout the interviews we have undertaken with officers and cabinet members. Many described the impact that former Chief Executive had on the way the Council operated from the very start of her tenure in 2015. 'The culture did change, certainly from the point I joined the Council to when [the former Chief Executive] joined, she had a very particular management style.'
116. Among those officers who had a direct working relationship with the Chief Executive, there was a clear view that – at a personal level – the former Chief Executive was very supportive in dealing with individual pastoral matters. She was generally supportive of staff and accessible to them. But this supportive style was not extended to professional issues or to matters of performance and delivery. In these cases, senior officers described the former Chief Executive as having an autocratic leadership style. They described a clear command and control approach and highlighted an absence of psychological safety in their relationships with the former Chief Executive. Many felt reticent to have open and honest conversations with her for fear of being blamed or being publicly shamed. We were told that:

'If something went wrong people were fearful that it would "hit the fan" with the Chief Executive and of her reaction. There was a blame culture... where the Chief Executive needed someone to blame.'

'She would frequently say "who do we sack for this?"'

'...you would find you have an e-mail in your inbox where she'd identify the spelling mistake in one of the outgoing letters, et cetera. And then you know there would be hell to pay for certain errors, etcetera. And it did make you feel a little bit guarded, I guess in terms of what's going to happen next.'

117. This leadership style led to many of the senior officers adopting coping strategies to avoid confrontation with the former Chief Executive. Many described either 'keeping their head down' or 'protecting their teams' from this style of leadership. Some reported that they sought HR support regarding the Chief Executive's behaviours. Some highlighted instances where the Chief Executive refused to speak with them for a period lasting several weeks, following disagreements. Others still described the long-term impact that this style had on their relationship with the Chief Executive, and the strategies that senior officers would adopt to manage the risk.

'I think people became weary of this leadership style over time rather than do something about it'.

'We would often plan outside the meeting how we would present an issue or problem to minimise a strong reaction from the Chief Executive'.



118. Those directors and senior leaders we asked were unable to describe times where the former Chief Executive inspired trust or created a working environment where they could have transparent and constructive conversations with her. Few could give examples of cases where their views and opinions were valued, or of where giving and receiving feedback and constructive challenge was welcomed.
119. The Chief Executive's leadership style had an equally significant impact on the way directors and senior officers worked together as on her relationships with individual colleagues. Paragraphs 103 - 105 above discuss how the Council's directors board has failed to act as a true corporate leadership team, focusing attention on operational issues and transactional discussions rather than a shared corporate agenda.
120. The directors were in broad agreement that this way of operating the directors board was 'heavily influenced' and 'driven' by the Chief Executive. Directors described the former Chief Executive's lack of desire to prioritise or give appropriate time to strategic discussions. Few could give examples of where they were encouraged to collaborate with others around strategic issues or to solve problems.

'Any strategic conversation in terms of what needed to be prioritised would always be overtaken by something operational that the Chief Executive wanted to fix at directors board'.

121. Directors also described their reluctance to bring strategic matters to the meeting. This was seen as the Chief Executive's meeting and one in which she set the agenda and tone. It was her prevailing mood or her view on an agenda item or issue that would determine how it would be discussed. Directors described that the Chief Executive would often speak first to give her view. This would have the effect of closing down the conversation and crowding out challenge.

'When there was a crosscutting corporate issue raised at the directors board meeting, no one would want to say anything until they knew what the Chief Executive's view was on the issue for fear of disagreeing with her. It was a parent – child relationship with directors board and no one wanted to be the naughty child.'

122. This was not a meeting where open debate and constructive challenge were encouraged or facilitated. Directors described the Chief Executive's behaviours at this meeting as being 'challenging' and difficult to respond to whilst in the meeting. 'You often felt that you were not listened to and that your opinions did not count'.
123. Through our interviews with directors board members, we sought to establish whether their experience of this leadership style in directors board differed from that in their line management meetings with the Chief Executive. Some described regular contact with her via line management meetings, but conversations focused largely on transactional and operational issues.

'Our one-to-one meetings with the Chief Executive were in the main transactional and very rarely strategic and if the meetings were cancelled people were relieved'.



124. Others described infrequent 1:1 meetings and a desire to avoid raising strategic issues wherever possible so not to draw attention to areas of ambiguity and uncertainty, issues still in development or problems that they may have experienced. These officers reported a fear that the Chief Executive would get too involved in the detail or in micro-managing. In effect, these directors were happy to be 'left alone' to get on, and told us that 'it was sometimes easier not to tell her things'.
125. The former Chief Executive's style of management had serious consequences for the performance of the Council. It eroded the effectiveness of informal checks, balances and early warning mechanisms:
- **It reduced the extent to which problems could be identified early and addressed.** Directors described an unpredictable and at times volatile persona, where the Chief Executive was not accepting of, and visibly angry when receiving, 'bad news.' Several of the directors interviewed recounted the Chief Executive losing her temper on several occasions in the open plan offices. They recalled incidents where the Chief Executive was 'screaming' at them or at other senior officers. Directors and senior officers felt they needed to work out solutions before flagging problems, instead of seeking help or support.
  - **It reduced the extent to which senior leaders could challenge beyond their professional disciplines.** Without the necessary level of psychological safety, trust and confidence in their relationship with the Chief Executive, senior officers cannot confidently focus on their corporate responsibilities or be effective in holding each other to account.
  - **It reduced senior leaders' ability to work in the open.** It contributed to a culture where it was challenging for senior officers to work collegiately; to contribute proactively to building medium to long term plans; to be inquisitive and curious about strategic programmes and initiatives; to invite feedback and give constructive challenge; to openly share concerns in order to learn from setbacks and failure together in order to find solutions and feasible mitigations.
126. The operating style and behaviours of the Chief Executive were therefore a major contributor to the failure of the directors board, and its members, to understand, oversee and own major corporate initiatives such as the articulation of clear priorities, the investment strategy, the delivery of cross-cutting transformation activities and of financially significant infrastructure and regeneration projects.
127. This 'dereliction' of accountability cannot stem solely from the behaviours of the Chief Executive. All members of the directors board hold some responsibility for the effective stewardship of the Council. But such was the dominance of the Chief Executive's autocratic leadership that directors appear to have accepted a 'parent-child' relationship. Many adopted a 'bunker' mentality within their own professional and service silos and, as such, failed to effectively exercise their corporate leadership roles.
128. It is perhaps regrettable that the position of Chief Executive in local government is not formally defined (beyond the limited definition of the 'Head of Paid Service'). But as the Council looks ahead it will need to identify and recruit a Chief Executive who can

both navigate the scale of change facing the Council services and tackle the cultural issues that have emerged in the way that senior officers have operated within the Council. A future Chief Executive will need to:

- effectively hold others to account for delivery: enhancing the quality of one-to-one management discussions and creating an environment where his/her senior team feel able to present emerging challenges and issues to both the Chief Executive and his/her peers, and to seek support;
- put in place the proper checks and balances: in addition to securing improvements in the Council's formal system of checks and balances (see Part 5 of this report) any new Chief Executive will need to ensure senior officers are empowered to respectfully challenge beyond their own professional disciplines, to identify potential red flags and warning signs and, where necessary, to insist on satisfactory responses from their colleagues within a healthy corporate operating environment; and
- ensure that the Council's collective output and value exceeds that of the sum of its parts: reversing the directors board's focus on transactional, operational discussions and establishing a true corporate leadership team.

### Awareness of these issues

129. Many of these issues were known to senior leaders within Thurrock Council and had been for some time.
130. The LGA Corporate Peer Challenge Report from January 2022, recommended that the Council; "Strengthen corporate leadership, organisational culture and member/officer relations – make time for facilitated conversations, be clear on roles and responsibilities and describe and then demonstrate the culture you want to be." Following this, the Chief Executive commissioned an external coach to work with the directors board on their team and leadership development. The coach carried out one-to-one interviews with members of the directors board and provided the Chief Executive and directors with a diagnostic report in March 2022 in advance of their first team development session.
131. This diagnostic report makes for stark reading, however, its key themes are consistent with our findings:
- directors board was not operating as a team focussed on the strategic corporate responsibilities and priorities of Council;
  - its dysfunctional way of working was determined by the Chief Executive's leadership style.
132. The directors commented that this was the first structured development that they had undertaken together as a leadership team, and that it was their first opportunity to provide feedback on the effectiveness of the directors board and on how they might work with the Chief Executive, and each other, going forward. The directors commented that whilst they were not surprised at the descriptions of the Chief

Executive's leadership style contained within the diagnostic report, they were surprised at the consistency in their own accounts, and of their lived experience under her leadership.

133. The diagnostic report summarised the following themes:
- Challenging alignment with cabinet members: describing the relationships with cabinet members as 'disconnected and lacking in trust'.
  - A will to become more strategic: describing a need 'to have a more strategic approach as a team' and a 'lack of coherence around what shared objectives' they had as a team apart from delivering the budget.
  - A team of individuals working operationally: describing a team that 'operates as individuals who come together in a regular forum but seldom work closely as a team outside of this' and a 'sense of a lack of psychological safety and a last-minute-culture'.
  - Coming together, challenging and connecting your silos more: describing where they wanted to 'challenge each other more as a collective, strategic team of leaders'.
  - A way of working as a team: describing the Chief Executive as 'a strong, decisive leader who is committed to Thurrock' but there is a common challenge around 'the dynamics when working as a team with the Chief Executive as leader'.
134. This diagnostic report broadly accorded with the leadership behaviours of the Chief Executive that the inspection team heard repeatedly from many of the senior officers and elected members that we interviewed and who had a direct working relationship with the Chief Executive.

### **Interview with the Chief Executive as part of the inspection**

135. The inspection team interviewed the former Chief Executive at an early stage of this inspection, but unfortunately, part way through the interview the Chief Executive advised us that she was unable to continue that day. Despite attempts to do so, we were unable to secure an appointment for the interview to continue, and the interview could not be concluded. The former Chief Executive ultimately chose to send a written response to some general points relating to her perspective on a number of issues, including her leadership and management style and role at the council.
136. This response included details of her most recent externally facilitated performance appraisal which raised no specific concerns about her performance. This also included the outcome of her annual 360-degree assessment involving a 'range of officers and external stakeholders to provide feedback' on her leadership, and she stated that the outcome was consistent with feedback in previous years.
137. As was corroborated by her direct reports, she stated 'I am very supportive, a number of the team have dealt with very difficult personal issues in their lives and I have worked hard to make sure they feel supported by both me and the organisation. This

has included supporting colleagues who have suffered loss, had mental health or other significant health issues’.

138. The former Chief Executive told us that she held her direct reports to account by setting them objectives and that these were discussed at directors board to ensure there was senior leadership sign-up. She also referred to a corporate scorecard used to monitor performance against key priorities which are monitored at scrutiny committees. She met with direct reports generally every four to six weeks. She told us that she had a ‘no surprises policy’ to share issues that arose and that if there was underperformance there would be support and an improvement plan, but if that did not work then action would be taken if necessary to ‘exit’ the officer ‘allowing this to be done with dignity’. Where there were service issues, she would step in or support a directors board lead if a service was under performing or experiencing difficulty.
139. She told us that the Council had not been open to external scrutiny before she had arrived, and gave examples of what she had done to bring in external scrutiny and challenge. This included commissioning LGA Peer Reviews focused on corporate activity, finance, communications, and bringing in external experts to review key services and latterly, a leadership coach to work with her senior team. The former Chief Executive told us that she was a ‘firm advocate of continuous improvement’ and sought to learn from difficulties at other councils such as the London Borough of Croydon.
140. The former Chief Executive also told us that she worked hard to pursue a good relationship with members, speaking to the Leader every day ensuring that she kept him sighted, was responsive to his requests and was generally available to him. She told us that the political dimensions of Thurrock Council took up a disproportionate amount of time for her and the senior team, but she recognised that it was an important investment in order to deliver the organisation’s goals. She told us that managing relationships with politicians was a challenging part of the job, that the opposition group did not want to engage with the administration and that, having secured a majority, the administration did not want to engage with opposition parties, trying to take seats away from them. She told us that she tried to improve the political culture of the organisation.

### **The impact on the culture of the Council**

141. The failures in political and managerial leadership outlined above combined to create an operating environment within which very few people had a clear understanding of what was going on across the Council:
  - members were focused on short-term initiatives without curiosity beyond their own areas of interest;
  - senior officers were operating largely within their own professional silos rather than acting corporately;
  - there was a culture among senior officers of ‘keeping their head down’ or ‘protecting their teams’ from the Chief Executive’s style of leadership; and

- the sharing of information was distorted to showcase operational successes while risks, issues and challenges were shrouded in mystery. Opportunities to deal with emerging issues in a timely manner, and to prevent escalation in these matters, were lost as a result.

142. The Council has operated in a manner in which the reality of what was happening – whether that be good or bad – was understood only by a relatively restricted group of senior members and officers. Senior officers shared little of it among themselves.
143. This pattern of dysfunction is clearly visible in the case of the Council’s investment strategy. Few people knew what was actually happening and only one person knew everything (the s151 Officer). Others, who could and should have known more – the Leader, the Cabinet Member for Finance and the Chief Executive, the wider cabinet and the directors board – knew varying amounts, but nowhere near enough. Given that the programme was saving the authority from having to make difficult decisions that other authorities were making, it perhaps suited the authority to not ask more questions and insist on full answers.
144. In any case, the compartmentalisation of activity and accompanying restriction on flows of information has led the Council into a way of working in which poor decisions are taken without appropriate challenge and scrutiny and that where risks, issues and mistakes are not made visible in a timely way (if they are made visible at all). This undermines the Council’s ability to respond effectively, taking remedial action and preventing further escalation, and to learn.

## Part 4: Inadequate governance arrangements

145. We identified serious failings in Thurrock Council's governance arrangements through our inspection. We recognise that every council has its own way of doing things, but good councils have a clear legal framework for decision-making which enables everyone involved to know who can take what decision at what time. When they take decisions, the facts known to the decision-maker and the advice received is recorded alongside the decision taken. This enables transparency inside and outside the organisation and makes it clear what decisions have been taken by whom, based on what information, and with an understanding of the associated risks. This clarity ensures accountability. That hasn't been our experience of decision-making at the Council.
146. The Council lacks some of the fundamental elements of good governance and decision-making. We have found the following:
- Officers and members do not always understand their roles.
  - Reports to members frequently do not include enough information to enable decisions to be taken or understood by anyone without specific expertise, and officers do not always give the right advice.
  - Risks are often not appropriately drawn to members' attention.
  - Sometimes 'decisions' are 'taken' which are not decisions, but which are treated as if they were decisions.
  - Practice at meetings and of minuting means that decisions are often not properly formulated or recorded.
  - Scrutiny is weakened by a lack of access to information and by the fact that senior officers and members have diverted its resources onto non-productive activity. Scrutiny members have not been listened to by senior members.
147. These shortcomings have:
- seriously impaired the ability of the Council to make good, well-evidenced, reasonable and lawful decisions subject to the proper scrutiny;
  - created an environment in which officers have taken decisions without being properly bound to follow the wishes expressed by members;
  - diminished levels of transparency; and
  - led to a disengagement in the democratic functioning of the Council among members – continuing the cycle of decline in the functioning of Council governance.
148. The weaknesses we have observed in the Council's formal decision-making processes are set out below and are supported by case studies at the end of this report. **The range and breadth of the weaknesses identified suggest that a comprehensive review of the Council's governance arrangements is urgently required.**

## Quality of reports

149. Many of the reports we have seen at the Council contain significantly less information than we would expect. None of the formal reports that we have examined include all of the following elements, which we would consider a minimum requirement: the decision requested, the key issues, the pros and cons, the risks, financial implications and any legal advice. Nor do they always set out the options to consider.
150. This undermines decision-makers' ability to take decisions and the ability of others to hold them to account. Some reports included so little information that it is difficult for members to take proper decisions. Too often, reports introducing technical documents do not explain them and do not draw members' attention to risks, issues and things that are out of the ordinary.
151. In other cases, reports contained such poorly formed options and recommendations that the decision requested of members was equally unclear. We have seen cases where members did not appear to fully understand the decisions they were taking, what they were voting for or, in scrutiny meetings, what they were scrutinising. Indeed, some members openly admitted to the inspection team that this was the case.
152. There is evidence to suggest that the lack of information and clarity provided in reports reflects – at least in some cases – a conscious choice by senior officers:
  - Both officers and members told us that the former Chief Executive had asked for reports to be less detailed and to omit information that the author would otherwise have wanted to include.
  - Several members told us that they had made reasonable requests for additional information, or for reports to be produced on specific issues, but were not provided with what they had requested.
153. The consequence is that where the Council's members are asked to approve documents, they frequently don't have enough information to do so. The covering report should explain technical documents, particularly if something is out of the ordinary. This often does not happen, and it can have severe and far-reaching consequences.
154. The approval of the Council's Treasury Management Strategy provides an example of where reports failed to include sufficient information to explain the decision requested. It is also a helpful example of the consequences that this can have.
155. In adopting the Council's Treasury Management Strategy (see Appendix 4 – Case Study 2 for more detail), members were asked, in successive years, to approve a policy presented as an annex to an appendix to a report without a clear explanation of this policy, or its implications. In most authorities the treasury management strategy is a routine document, but within Thurrock Council it has been the document which gave the s151 Officer unprecedented freedom to place hundreds of millions of pounds of investments without meaningful oversight. This arrangement is highly unusual among local authorities – a point that should have been made clear to members from the outset. But this point was not made. As a result, someone who only read the report



would not be likely to understand what they were approving, much less the impact of the decision they were being asked to approve. This undermines the ability of members to hold officers to account. It means that the Council is not acting transparently.

### Questions at full council

156. Accountability and transparency are further undermined by the way questions at full Council have been treated. While the constitutional process for asking questions at Council meetings is reasonable (as in section 14 of part 2 of chapter 2 of the constitution), we were told that it has not been followed. It provides for questions from councillors to be rejected if the question includes exempt information. It goes on to say that:

‘The Monitoring Officer shall place the questions on the agenda in the order that they have been received. Where the Monitoring Officer considers that the question or the answer is likely to disclose confidential or exempt information, **he/she shall place the question in the exempt part of the agenda.**’ (our emphasis)

157. Questions about the investment programme or other things considered ‘commercially sensitive’ - a term not used in local government law - were rejected by the Monitoring Officer even if the question itself did not include exempt information. Questions were rejected rather than being placed on the exempt part of the agenda. We have been told that things had begun to improve at the time of the inspection.

158. The overall effect of this approach to members' questions, and to the preparation of reports, is that members were deprived of the information they needed to carry out their role effectively. There are wider examples of this beyond the Council's investment strategy.

### Formulation and recording of decisions at formal meetings

159. We have found that significant decisions are not formulated and minuted in such a way as to make the decision clear, or in a way that reflects what actually happened at the meeting. This diminishes transparency, blurs accountability and creates uncertainty. There is often no recorded ‘single truth’ of important decisions, no record of why ‘decisions’ were taken nor even if there was any decision taken at all.

160. At Council meetings the debate itself is minuted in significant detail. However, the most important part of the minutes is the formulation and recording of actual decisions, and insufficient attention is given to this. Members do not formulate decisions themselves when they need to and they are not guided or supported by officers to do this, meaning that the recorded decision is sometimes not what would be expected from the debate. We have been made aware of cases where:

- the majority of members have voted against a motion (meaning it is lost and no formal resolution is passed, but the minutes inaccurately record that members passed an alternative motion (see Appendix 4 - Case Study 3);



- cabinet decisions have been taken without having regard to recommendations made by scrutiny committees (see Appendix 4 - Case Study 4); and
- resolutions are sometimes not formulated in a way that records the will of the members (see the example relating to the cabinet discussion on the proposed new Town Hall in Part 6 of this report).

161. Whilst lengthy and detailed, minutes of Council meetings omit key information, such as whether or not a motion was formally proposed and seconded, which is important because under the Council's constitution a motion cannot be debated unless it has been proposed and seconded. Sometimes it appears that motions may have been debated without a proposer and seconder.
162. Frequently, reports include a recommendation that a committee comments on a particular report or proposal and minutes of the committee meeting indicate that the committee has so commented, without saying what any agreed comments were. The purpose of commenting is to ask for something to be done or for something to be considered elsewhere. Those comments should be agreed by the committee and formally minuted as such.

### **Recording of delegated decisions**

163. The weaknesses in the recording of decisions at meetings is mirrored by weaknesses in the recording of delegated decisions. The s151 Officer had delegated authority to invest following 'due diligence and risk management'. We have not been able to find any document setting out the information that was considered when making an investment decision, nor a risk assessment, nor the rationale for agreeing to make a particular investment. We were told that at least on some occasions when money was invested, the due diligence being 'relied' upon had been commissioned and paid for by the company the authority was investing in. Without more complete records it's impossible to know what risks were considered.
164. We wouldn't expect to see detailed records for decision-making for short-term lending or borrowing to a local authority or a financial institution with a high credit rating as the Treasury Management Strategy refers to acceptable credit ratings for this activity. But for very high value long term loans to unrated companies, which is what the Council were making, there should have been a record of the rationale for making the specific investments, and the risk assessment. The presence of these also mitigates any challenges of conflicts of interest.

### **Accounts and Audit Regulations 2015**

165. The control environment surrounding decision-making described above seems to be potentially a breach of regulation 4(4) of the Accounts and Audit Regulations 2015. This places the s151 Officer under a personal statutory duty to determine financial control systems which must include measures to enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records, to ensure that risk is appropriately managed. It is difficult to see how it can be said that

the concentration of so much power in one individual has ensured that risk is appropriately managed. It may also be the case that division of responsibilities between different officers has not been achieved.

### **Failure to appropriately recognise key decisions**

166. During the early stages of the investment strategy, decisions to make investments were initially considered by the Council to be treasury management. Treasury management is a council function under the control of the full Council as opposed to an executive function which is under the control of the Leader and the cabinet. This was unlikely to have been correct. Subsequently, statutory guidance was later clarified to put it beyond any reasonable doubt that this was capital expenditure, and that was recognised by the Council.
167. Decision-making for capital expenditure is under the control of the cabinet, and subject to the statutory rules relating to the functions of the cabinet, including the fact that significant capital expenditure, (in the Council's case, significant means more than £500,000), is a key decision.
168. Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 define a key decision as 'an executive decision, which is likely ... to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates'.
169. Therefore, any decision to incur capital expenditure of over £500,000 should have been on the Council's forward plan or dealt with under the urgency procedures in the regulations - which require notice being given to the Chair of the appropriate scrutiny committee, and in cases of particular urgency, permission being granted by that person.
170. The decision would be required to be formally recorded and, except to the extent that it included material which was considered to be 'exempt' or 'confidential,' published.
171. None of the above was done. Capital expenditure decisions were taken in breach of the law and the Council's constitution. Investments were made without any key decisions being recorded. The making of investments over £500,000 without any forward plan entry being made triggered a requirement for the s151 officer and the Monitoring Officer to raise a statutory report. No such reports were made.

### **Irregularities in the constitution**

172. Every council's constitution is different, but constitutions may only include rules which are compatible with the law. There are a number of features of the Council's constitution which do not align with the law, and which are directed at protecting the status quo. These are unusual features and do not support the ability of the Council to continuously improve its services. These features date from different times and do not

appear to be the result of concerted activity by any particular person or group of persons to protect any particular administration. A number of examples are given below, but it is likely that a review of the constitution by appropriately knowledgeable and experienced people would find others.

#### Motions of no confidence

173. Paragraph 16.2 of the Council's constitution says specifically that that 25 members must vote in favour of a motion of no confidence. This is a decision subject to the normal rule in Schedule 12 to the Local Government Act 1972 which makes it clear that any question coming before a local authority is to be decided by a majority of those present and voting, unless the law states otherwise.

#### Suspending council procedure rules

174. Paragraph 25.2 requires a two thirds majority to suspend council procedure rules rather than the simple majority which the law requires.

#### Removal of the Leader

175. A note to the rule which states that the Council may appoint or remove the Leader states that 'From May 2011, this Rule will apply only at the Annual Council Meeting following an election, or following the removal or death or incapacity or resignation of the Leader' – the note is correct insofar as it applies to the appointment of the Leader but it is incorrect with respect to the removal of the Leader, which can take place at any time [paragraph 1.4 of part 3 of chapter 2].

#### Register of interests

176. A further example of how the Council is not operating appropriately within the law is how the register of interests is operated. The register is required to be made publicly available. Section 32 of the Localism Act 2011 allows, however, sensitive interests to be withheld from the public where the member concerned and the Monitoring Officer both agree that disclosure of the details of the interest could lead to the member or connected person, being subject to violence or intimidation.
177. Globally there has been an increase in threats to elected officials. In the UK this manifested itself with the terrible murder of Sir David Amess MP in October 2021. Sir David's constituency was in south Essex. His murder sent shockwaves throughout Essex and throughout the country. In 2019 the then Secretary of State wrote to Chief Executives encouraging Monitoring Officers to look sympathetically on requests to omit information 'where there are legitimate concerns'.
178. Many local authorities responded to these events by encouraging members to apply to have their home addresses removed from the register. This seems legitimate, given that councillors risk a hostile reaction from constituents who may seek to find out where members live.

179. Thurrock Council has gone much further than any other authority we could identify. Most members also have the name of their employer omitted from the register of interests. In some cases, members' occupations/employment can be ascertained by a simple google search. We asked some members if they were concerned about the release of work details causing a risk of violence and intimidation and nobody told us that they had this fear. In fact, all were surprised at the omission of this information, suggesting that the Council is not complying with the legal requirements relating to transparency of members' interests.

## Scrutiny

180. Scrutiny was introduced as a requirement for English local authorities by the Local Government Act 2000. The role of scrutiny is to hold the leader and cabinet to account. In doing so it should act as their 'critical friend'. Scrutiny does not make decisions about services or how the authority is run, but it can decide to make recommendations which must be considered. Councils are also required by law to have some form of call-in arrangement where decisions can be scrutinised after they have been taken but before they are implemented.

181. Effective scrutiny needs to feel supported and listened to by the Executive, and to be adequately supported by officers in terms of time and information supplied. None of this is present to any significant degree in the Council. This is frustrating for councillors because scrutiny consumes a lot of member time for little benefit.

182. We have found scrutiny at the Council to be ineffective. It does not add value to the work of the authority and a number of senior Scrutiny members were unable to identify anything that scrutiny has achieved.

183. The principal issues are that:

- scrutiny's capacity is not used effectively;
- scrutiny members are not sufficiently trained;
- the Executive and some senior officers do not appear to have valued or understood the role of scrutiny; and
- scrutiny is, to a significant extent, ignored by the cabinet.

This has meant that scrutiny members are not as motivated as they would otherwise be to act as a critical friend. This is not simply frustrating for scrutiny committee members – it is the erosion of an important mechanism for ensuring accountability within the Council. These issues are explored further below.

### Ineffective use of scrutiny capacity

- **The number of scrutiny committees:** The Council has six scrutiny committees, each with six members. This is a large number of scrutiny committees. Committees typically meet in public five times a year. There are no informal meetings or briefings in between meetings and virtually no task and finish groups. All this means that officer and member resource is spread thinly and limits the ability of the

committees to undertake in depth scrutiny. There were mixed views from scrutiny participants as to whether or not the number of committees is effective. We consider that the current arrangement does not represent a good basis for the use of member and officer time, and that better results would be likely for the same inputs if there were fewer committees meeting more frequently.

- **A lack of member influence over the work programme:** Each committee sets an annual work programme which is said to be a 'living document'. Officers produce a first draft, consult on it with the incoming chairman and it is presented to the committee for approval. Some members told us that officers did not want the committee to add things to the work programme either because of capacity issues or they felt that the item included confidential information. It was clear that a significant number of scrutiny members felt that there was resistance to their ability to control the work programme. Although the work programme may be a standing item to be added to throughout the year, it appeared that there was limited ability to do that. Members told us that scrutiny was an officer-led process.
- **An emphasis on unhelpful pre-scrutiny:** Pre-scrutiny can be an effective tool for scrutiny to make its voice heard and show a genuine dialogue between scrutiny and the Executive. It can give scrutiny a real chance to make a difference and shape policy. Used properly it represents best practice. Unfortunately, that is not how pre-scrutiny has operated in the Council. There is an expectation that almost all cabinet reports are pre-scrutinised and scrutiny committees have gone along with this. Pre-scrutiny amounts to a significant part of the already limited capacity of the meetings of scrutiny committees, clogging up the agenda and further depriving the Committees of the ability to control their own work programme. People have told us that this typically takes up more than half of a meeting. Central government guidance says:

'The executive should not try to exercise control over the work of the scrutiny committee. This could be direct, e.g., by purporting to 'order' scrutiny to look at, or not look at, certain issues, or indirect, e.g. through the use of the whip or as a tool of political patronage, and the committee itself should remember its statutory purpose when carrying out its work. All members and officers should consider the role the scrutiny committee plays to be that of a 'critical friend' not a de facto 'opposition'. Scrutiny chairs have a particular role to play in establishing the profile and nature of their committee'.

Not infrequently the scrutiny committee undertakes pre-scrutiny the day before a cabinet meeting. That pre-scrutiny has been particularly problematic. The Centre for Governance and Scrutiny's (CfGS) 'Good Scrutiny Guide' suggests that pre-decision scrutiny 'immediately' before a decision would take place two to three weeks before the meeting – allowing time for the recommendations to be properly considered by officers and the Executive, before the decision report is published. That does not happen in Thurrock Council. This is made more problematic by the fact that a typical pre-scrutiny report is the cabinet report with a different heading and a recommendation that the scrutiny committee endorses the officer recommendation to cabinet.

- **Weaknesses in planning for scrutiny meetings:** Effective planning of scrutiny meetings can help scrutiny to be effective by allowing members to prepare and focus on aspects of the issue being scrutinised which are of concern. This can be an extremely effective way of ensuring that scrutiny discharges its role of ‘critical friend’ and creates an engaged team of members who can work across party boundaries to achieve the best results. We heard that the only formal planning that occurs before scrutiny meeting is when the Chairman meets with officers who are presenting reports. This does not support members and can allow report authors to guide members in a particular direction. We are not suggesting that this happens in practice but there was no evidence that these meetings informed any planning of any lines of enquiry being followed by the committee.

There is no pre-meeting of the committee where they can agree lines of enquiry and divide areas of questions between members. Without this approach it is more likely that scrutiny will be unfocussed and less effective. Some members told us that they did not feel that this would be necessary and it felt to us as though the party political nature of scrutiny was more important to some members than working together for results. That was not a universal view and it was clear to us that some would welcome joint-working.

- **Lack of co-ordination between scrutiny committees:** There is little or no working between committees. This limits the opportunity for committees to work jointly on topics of common interest and for good practice to be shared. It also means there is little activity outside formal meetings. There is no scope for discussing how to avoid scrutiny of the same part of the council at the same time or how to make best use of resources when scrutinising projects that are in the remit of more than one committee. We asked members whether they felt co-ordination would be a good idea. The general consensus was that this could lead to yet another meeting, but perhaps if the scrutiny function was better supported members would feel this was worthwhile. It would also accord with central government guidance which says:

‘Authorities with multiple scrutiny committees sometimes have a separate work programme for each committee. Where this happens, consideration should be given to how to co-ordinate the various committees’ work to make best use of the total resources available.’

### **A lack of training and development for scrutiny members**

184. Effective training is important to ensure that members understand how scrutiny can work and also to learn skills. The Council organises an annual scrutiny training event on questioning skills. This is provided by an external facilitator. In addition, in-house training is provided on technical aspects of the scrutiny function. There were mixed opinions about the effectiveness of the training and whether it was of value to members. We were told that it was not always well attended.
185. For whatever reason, there appears to be a limited understanding of what scrutiny is and is not, and a lack of understanding of basic concepts relating to the work of

scrutiny committees. For example, several senior members on the Council's scrutiny committees told us that they did not know what a 'call in' is in the context of scrutiny.

186. A number of members and officers told us that scrutiny at Thurrock Council is an officer-led process. From our review of meetings, we did not find this fully supported by what we were told, it is however clear that stronger leadership from members and more supportive attitude from officers is required if scrutiny is to be fully effective going forward.
187. None of the current or former chairs or vice-chairs we spoke to indicated they had attended or received any specific training on chairing meetings or on how to be the chairman of a scrutiny committee.
188. Members are not and cannot be subject matter experts on everything they look at. This means that a strong member development programme is needed on a wider range of subjects. Although officers talked about a member development programme, they told us that it focused heavily on the first three months following an election and was poorly attended. Briefing sessions were mentioned but again attendance of them is limited. Just as it is helpful to coordinate scrutiny, member development should also be coordinated. Although there is a member development working group, they appear not to meet frequently. In interviewing the scrutiny members none of them mentioned the group or its role.

#### Ability to formulate clear and effective recommendations

189. Frequently scrutiny reports include a recommendation that the committee 'comments' on something. Those recommendations are minuted as the committee having 'resolved to comment on the report', with the actual comments or recommendations not being formally recorded in the minutes of the meeting.
190. The fact that no comments are voted upon or formally agreed, makes it difficult to know what the view of the committee was. That makes it very difficult for scrutiny to have any impact on the cabinet's decision-making. Although we did see some examples of recommendations being formally proposed and agreed by the committee, there is limited officer support to help formulate and record effective recommendations. Many officers, whether in senior positions, involved in writing reports for scrutiny, or providing direct support from within the Democratic Services function, seemed content with minutes prepared in this unhelpful way.

#### Attitudes to scrutiny among senior officers and members

191. Many members believe – with some justification – that senior officers' support for scrutiny is mixed. They reported to us that, while some directors are open to scrutiny and to working effectively with committees, others are less keen to do so. Some members involved in scrutiny felt that:
  - senior officers sought to steer scrutiny committees away from certain subjects, although no one highlighted a refusal to allow committees to look at particular issues. However, emails shared with the inspection team suggested that senior



officers have sought to use the constitution and committee structure to limit the extent to which key projects are subjected to scrutiny.

- the reports they received contained limited information and often missed the information they needed to undertake any real scrutiny of a subject. When members asked for additional information they were sometimes told that they didn't need the information, or that it wasn't their role to have it as it was 'operational'. Some suggested that the Chief Executive restricted the flow of information and what members could see.

192. A lack of regard for the role of scrutiny has also led to the work of scrutiny committees being crowded-out of the decision-making process in various ways:

- Scrutiny Committees are regularly asked to make comments on decisions the day before a cabinet meeting. This is too late to influence the decision to any significant extent.
- Council officers have no system in place for tracking scrutiny committee recommendations or ensuring that they receive a response. Scrutiny committees' recommendations are allowed to 'drift' without response from the cabinet. The only time the cabinet may respond to recommendations made by scrutiny committees is in debates when a pre-scrutinised item is brought to cabinet.
- The views of scrutiny committees and recommendations they make are sometimes simply ignored. Scrutiny members told us that the cabinet has on occasions failed to consider recommendations unless the scrutiny chairman attends the cabinet meeting in person to present the recommendations. We are aware of examples of this (see Appendix 4 – Case Study 4). On that occasion the Monitoring Officer was present and failed to tell the Chairman of the meeting that refusing to consider the recommendations from scrutiny was unlawful.

### Scrutiny Officer

193. As a unitary authority, the Council is required by law to appoint a Scrutiny Officer, a statutory post charged with supporting scrutiny. The role holder may not be the Head of the Paid Service, the section 151 Officer or the Monitoring Officer. At the beginning of our inspection, no one within the Council was able to say who the statutory Scrutiny Officer was.

194. It was variously suggested to us to be the current Monitoring Officer or the current section 151 Officer. Those officers could not lawfully hold the Scrutiny Officer role and those individuals told us that they did not believe themselves to be the Scrutiny Officer.

195. During the inspection the acting Chief Executive nominated the Director of Public Realm to be the Scrutiny Officer. She will need to carefully manage this work alongside her extensive other duties and be alert to potential conflicts of interest. She will also need to be trained and formally appointed by the full Council. This is a positive step – for the first time a senior officer will be clearly responsible for championing scrutiny.



## Call-in

196. It is a legal requirement for all councils to have a call-in process whereby decisions already taken can be scrutinised before they are implemented. Different councils have different cultures relating to call-in. Call-ins allow concerns to be highlighted and a further examination of the decision to take place and can sometimes lead to decisions being changed as a result of the challenge.
197. The current call-in process at Thurrock Council inhibits transparency and accountability and curtails the ability of members to scrutinise decisions.
198. The number of call-ins at Thurrock Council is low. This is partly driven by a poor understanding of the call-in mechanism among scrutiny members (see paragraph 185 above). But it is also likely to be because the Council's process makes it very difficult to actually call-in decisions. The Council's call-in rules were last changed in April 2016. They afford the Chief Executive a very broad discretion to decide whether a call-in is valid. The grounds for declaring a call-in invalid are broad and include that the call in is 'not a proper use of call-in' taking account of 'any other relevant factor'.
199. This puts the Chief Executive in a very difficult position and creates the risk of abuse or a risk that the cabinet could put pressure on them to rule a call-in as invalid. Although no-one has indicated that the former Chief Executive or current acting Chief Executive had ever faced such pressure, this does not represent good practice and is not appropriate. We did come across occasions where the former Chief Executive declared a call-in to be invalid – much to the frustration of the committee members (see Appendix 4 – Case Study 4 for further details).

## Part 5: Weakness in the Council's control environment

200. All organisations, both public and private, have a control environment to provide systems of checks and balances to allow the organisation to operate with confidence by providing multiple channels offering different points of view in support of balanced decision-making and operations.
201. For a local authority, this system of internal control is backed up by legal and professional frameworks. In the case of the investment programme for example, frameworks such as the Accounts and Audit Regulations and the role of the s151 Officer (CIPFA) are relevant. The system of internal control is provided through such functions as internal audit, risk management, audit committees and the activities of reporting and performance management, including reporting against performance indicators. In addition, having appropriately skilled and resourced staff to carry out activities provides a source of assurance, or where this is missing, having access to appropriate external advisers.
202. Furthermore, there are also other external oversight regimes such as external audit, Ofsted and other less formal channels such as peer reviews to provide evidence and confidence that the authority is working well.

### Control environment for the investment strategy

203. We tested the strength of the control environment for the investment programme. It is clear that the necessary systems were either not in place, did not work effectively, or had their use bypassed with catastrophic consequences.
204. The programme initially started on a small scale and approval for this was given through the Treasury Management Strategy. Once appetite to increase the scale of the programme was established, the Council agreed to a set of investment principles which provided the framework for the strategy, at its meeting in October 2017.
205. However, we can find very little active reporting against these principles, which included the requirement to have a diverse portfolio, and for any investment above £10m and extending beyond 12 months to be reported. Indeed, after the principles were agreed, some £910m was invested with no reports being made to cabinet or to Council, and minimal reporting made to the CSR (which was a meeting of the Leaders of the political parties and their deputies with the CEO and s151 Officer). In addition, some £655m of the total was invested in a single company. As far as we can see, no information was given on whom the authority was investing in – this was information seemingly only known by a few officers in the finance function and when asked for this information, those making the request were told the information was commercially sensitive. A cursory view of other authorities' Pension Funds investment programmes

would have revealed that far more information is routinely made available in response to requests, and indeed published, by others.

206. The decision to invest, how much, and with whom was carried out by the s151 Officer with powers delegated to him through approval to the Treasury Management Strategy and what he took to be delegated to him via the Investment Strategy. The Treasury Management Strategy gave him authority to invest up to £750m in one external fund manager following due diligence and risk management that were to be undertaken by him. This is an extraordinary amount of authority being put in the hands of one individual – we have not seen these levels of delegation elsewhere. No explanation was sought or given as to why such powers were necessary.

### Internal audit

207. There was no involvement of the Council's internal audit service in this programme. From interviews, it is apparent that the function is woefully under resourced, suggesting that it is not valued appropriately by the organisation. We were told that ten years ago there were some nine officers in the internal audit function, but by the start of the investment programme, this had reduced to five. Delays in recruiting to vacant positions had seen the team's strength reduced to three officers in 2021 and to just one officer in July 2021. At the time of our inspection, we were told that two of the team's four vacant posts had been recently filled. Even if they had been better resourced, we were told that internal audit did not undertake some finance audits because they were told that the finance team were too busy producing the accounts and doing the budget to provide the support necessary to co-operate with an internal audit. We were further informed that the internal audit plan is rarely completed – again due to resourcing issues. This points to two weaknesses in the management arrangements of the Council:

- a lack of understanding of the value of internal audit as an assurance mechanism, capable of flexible and timely deployment in the identification of and response to emergent problems; and
- the silo-ing of the audit function within the finance service that it also needed to audit.

208. It is not unusual for an internal audit service to be asked by the Chief Executive of a Council to review something in order to provide assurance, but there is no evidence of this happening with respect to the investment or capital programme, despite there being many instances where it would have been valuable, if not indeed, vital to do so. It is clear to us that the internal control environment of the authority has been severely compromised and in the specific instance of the investment programme, this has helped serve to obviate the oversight of it.

### Risk management

209. We looked at risk management – the strategic risk register was presented to the directors board and also the Standards and Audit Committee. However, only the highest-level risks and opportunities were shown, and while the investment

programme was visible in the strategic risk register it was as an opportunity and not as a risk (it was scored as a '12' signifying that it was felt 'likely' that the Council would achieve an 'exceptional' opportunity). There is evidence that officers recognised a balancing risk but this was scored as '8' signifying that there was a possible but unlikely negative impact. Under the Council's informal arrangements, risks scoring 8 or 9 should be considered for inclusion on the strategic risk register on a case-by-case basis. It's clear that a decision was taken not to include the risk in the strategic risk register - it was included in a sub-ordinate 'non-strategic' risk register only. This affected the extent to which the risk was visible to directors and members.

210. Shockingly, this scoring remained the position even in the report presented to members in July 2022 when the report from Camdor had been received outlining significant issues with investments amounting to hundreds of millions. A score of 8 was wholly unrealistic and the investment strategy was clearly a strategic risk.
211. The issues with the Council's management of risk extends beyond the scoring and reporting of risk. Fundamentally, the council did not understand the risks involved in the investment programme. Insufficient consideration was given to the nature of the investments and what risks the Council was taking – with no recognition of the fact that the Council was invested in companies with complex structures and a large senior debt profile that effectively reduced its security. A comment we have received from many sources is that the Council was invested in solar farms and that these assets are good. Had they properly understood the position, greater attention may have been given to a proper risk assessment along with appropriate mitigations.
212. Given the fact that this was a very complex programme, some work should have been undertaken at the outset to consider the skills and resourcing requirements needed to run such a programme properly. Expertise would have been needed in terms of determining appropriate companies to invest in, understanding the governance structures, complex legal agreements, reporting arrangements and financial assessments. We understand initially that the Council's Treasury Management advisers were used, but relationships became strained due to the nature of the risks the authority was taking in respect of the investment programme, and they parted company with the Council in March 2019. No further Treasury Management advisers were appointed until 2022 when the Council had effectively stopped its programme. It is quite extraordinary that the Council should have run this programme without considering the skills needed to do this appropriately and without due regard for public money.
213. The Council's lack of understanding of the risks involved is illustrated by the fact that the following significant risks were neither recognised nor assessed on the risk register:
  - The Council's limited lack of security over the investments. The investments were sometimes said to have been backed by assets, but the reality is that:
    - three quarters of the assets were bonds, meaning that the council was lending money to the company rather than being a part owner of the company;

- in many cases the company being invested in or lent to did not own the assets directly, they owned shares in other companies which owned the assets; and
- the solar assets were often constructed on land which was generally leased on medium term leases from the ultimate landowner.
- The documents granting the bonds frequently did not comply with industry best practice.
- Officers knew that the Council was taking a 'bold' and unorthodox approach with respect to the accounting treatment of the strategy by not making 'minimum revenue provision'.
- The counterparties being lent to were in many cases unrated.

214. The Council's overall approach to risk management was further undermined by lacklustre reporting. Risks on the non-strategic register were not accurately recorded and reported. The register was not updated even when risks materialised. The following risks were not recorded as having materialised by March 2022:

- **Not achieving a balanced portfolio of investment opportunities.** Given the Council's £665m exposure to one organisation it is difficult to see how this could have been considered to be anything other than having materialised.
- **Risk of failure of borrower.** The restructure of Toucan/Rockfire in early 2021 when the Council was advised that its limited security could have been lost. This must also have undermined the Council's confidence in the covenant strength of the Toucan/Rockfire companies. In addition, some borrowers had failed by this time.

#### External audit

215. We asked both members and officers how they gained assurance that the programme was running well and we were told on a number of occasions that the external auditors had given the Council 'a clean bill of health'. We reviewed the audit reports for the period (up to 2019/20), but could find no such statement, which is not surprising as it is not the role of auditor to give a clean bill of health, but we accept that the Council drew the conclusion in the absence of any adverse comment.

216. There was very little if any reference to the investment programme in the audit letters on the accounts. Where it was mentioned, it related to the role the programme played in closing the MTFs gap. From discussions with the two sets of auditors in place during the period of the investment programme, we have seen that in preparing for the audits, they did undertake a review of risk registers, and also the minutes of Council and cabinet meetings to gain an understanding of the environment within which the Council was operating when the accounts and the value for money assessments were undertaken. We have mentioned earlier in this report the shortcomings in the reporting of the investment programme, and also the risk registers. The auditors therefore did not gain a full understanding of the activities of the Council or the risks it was taking from Council records. However, a review of the balance sheet disclosed the extent of the Council's borrowing and investments and this was audited. Both auditors approached those organisations with whom the Council had invested to confirm the

existence and value of the investments but neither looked beyond that to see whether these could be confirmed as accurate. Whilst this is standard practice for listed or rated investments of the type generally made by public bodies, the Council's investments were not rated. An additional check could have been helpful, although both auditors took the same standard approach.

217. In the audit of the 2019/20 accounts the auditor noted the article in the Financial Times (see paragraph 75) concerning the investment strategy. In the audit notes they identified that the audit had already considered the programme but had not assessed the strategy as risky. Although it did identify the risk of interest increases on borrowings, the auditor felt that this risk had been reduced to an acceptable threshold and noted the investment return.
218. It is perhaps surprising to a non-auditor, that having noted the investments, greater attention wasn't given by the auditors to the risk of failure of an unrated investment posed to the authority given the size of the programme and the reliance the Council was placing on returns from it. It may be that the absence of comments in the audit reports gave rise to the Council's view that they were given a 'clean bill of health'.

#### Wider controls

219. We were told that some bodies seeking investment liked dealing with Thurrock Council because they were responsive and quick to make decisions compared to other authorities (we have seen evidence of an investment being agreed and made in 24 hours). It should be understood that this speed came at the cost of a complete disregard for the operation of appropriate internal control measures in the Council, measures which other authorities were probably and properly following. It is unlikely that this speed was essential.
220. The lead officers responsible for risk management, treasury management, accountancy and internal audit, and the Monitoring Officer all reported directly to the section 151 Officer, creating a risk of 'group-think' and enabling the section 151 Officer to exercise direct line management over the control environment and those responsible for testing and monitoring it.
221. It would have been helpful if the section 151 Officer had consulted others on the control environment. This would have provided a formal opportunity for others to review the control environment. Whilst there is no statutory or other requirement that the Monitoring Officer have a wider role in the control environment, the CIPFA guidance on delivering good governance advises authorities to consider the role of the Monitoring Officer in governance. We believe it would be helpful if section 151 Officers were formally required to consult their authority's head of paid service and Monitoring Officer when determining the control environment. It would be relatively straightforward for the Secretary of State to amend the Accounts and Audit Regulations 2015 to require this consultation to take place and we recommend that he does so.

222. All Councils have three key statutory officers who have some accountability for the organisation. The Head of Paid Service – normally the Chief Executive, the section 151 Officer and the Monitoring Officer. The three have reporting duties to Council, which sometimes overlap. In addition to the role in the control environment outlined above, the three statutory officers should work together to form what might be called a ‘golden triangle’. They need to ensure the effective running of the organisation so that the law, constitution and agreed policies are upheld, that information flows with appropriate transparency and that democratic principles are upheld. We did not find that this was how Thurrock Council operated. There did not seem to be an adequate flow of information between the three officers and they do not appear to have worked together in this way or have recognised the need to do so.
223. Whilst the role of the section 151 Officer is well defined in law and in accounting standards, that is not the case for the role of the Monitoring Officer, where only a small part of the above remit – a reporting duty on unlawful activity – is set out in law. The lack of clarity on roles creates ambiguity and this would have been further exacerbated within the Council by the turnover of people holding the Monitoring Officer post and their relative junior status compared to the status of the section 151 Officer. In these circumstances, an imbalance of power and the lack of clarity of the role makes it harder for the Monitoring Officer to be assertive.
224. The Monitoring Officers we spoke to seem to have been prepared to accept a narrow focus on their statutory role rather than taking a wider remit. This represents a missed opportunity to seek to ensure that, for example, decisions taken around the investment strategy were formally taken and better considered. There are other examples of where the Council’s Monitoring Officer has not adequately discharged their narrow duty.
225. We believe that accountability and proper control within local authorities could be enhanced at no cost if the Secretary of State broadened the role of the Head of Paid Service and Monitoring Officer to include a remit which they already undertake at many authorities. Our recommendation suggests ways in which this could easily be done in the short term and invites the Secretary of State to consider this more generally.

### **Broader risk management practice**

226. Formal documented processes which require senior officers and members to identify, record and review risks are an important way of ensuring that these risks are managed with appropriate oversight. Whilst the Council has well established and followed processes they have not been operated in a way which has assisted the Council to manage its risks. We have explained how risk management of the investment strategy was poor. We believe that risk management was not well operated at the Council. The key factors which have contributed to this are as follows:
- Failings in leadership and management, set out elsewhere in this inspection report.



- The risk management policy does not represent a comprehensive statement of how risks are managed, meaning that some practices have not been the subject of specific consideration by management and members.
- The investment programme was reported in the strategic risk register as an opportunity and not a risk. That was a clear failure to accurately assess the nature of uncertainty inherent in the programme.

227. The Council has a risk management policy which requires the production of a risk and opportunity register. The policy is reviewed by Standards and Audit Committee. The Council operates an overall risk register including all recorded risks. Some higher risks are extracted from the overall register and are presented as the Strategic Risk Register. The Strategic Risk Register is the version presented to directors board and to Standards and Audit Committee.
228. The policy itself does not say how risks are scored and it does not say how risks with a particular score should be reported. Nor does it set the Council's appetite for risk. Some of this is set out in an internal guidance document, but this document is not approved by members.
229. The omission of these practices from the overall policy means that practice can be changed without the agreement of members. Instead, guidance which hasn't been approved by members, appears to give considerable discretion to those preparing the strategic risk report.
230. A key discretion is the cut-off point for the inclusion of risks in the strategic risk register. In practice the Council scores risks by allocating scores from 1-4 for 'likelihood' and 'impact' and multiplying them together. Anything scoring 12 or 16 is automatically considered a strategic risk which is reported to directors board and Standards and Audit Committee, with anything scoring 8 or 9 being considered for inclusion 'on a case-by-case basis'.
231. In reviewing its risk management arrangements the Council scores itself annually using the CIPFA/ALARM risk management model. In July 2022 the Council scored itself as 70 overall, which means that it is at 'level 4 – embedded and integrated,' a score which seems not to reflect reality.

### Poor risk reporting

232. Risk is reported to Standards and Audit Committee. But there are signs that risk reporting is not taken sufficiently seriously. Members have received out of date information undermining their ability to consider the risks to which the Council is exposed.
233. For example, in July 2022 the Committee considered the strategic risk register (called the 'in focus' report). The report considered was the March 2022 iteration of the register, which hadn't been updated since being deferred from the March 2022 meeting. Presenting the Committee with a four month old report is inexplicable given



that by July 2022 all three statutory officers were aware that there were serious problems with the Council's investment strategy.

234. In October 2022 the Committee was presented with a further risk register. Although this risk register was dated July 2022, it refers to the intervention by the Secretary of State in September 2022.

## Part 6: Failures in the delivery of major projects

235. In conducting our interviews and reviewing information about the Council it became clear to us that there were significant concerns held in respect of some of the major infrastructure and regeneration projects that the Council was engaged in. These issues were raised by interviewees to a notably greater degree than matters concerning day-to-day service delivery for the population of Thurrock.
236. In examining these projects, we observed a pattern of failure consistent with that seen through the investment strategy. The Council would commit to undertake projects, the scale and complexity of which outstripped its ability to deliver successfully – largely because of a failure to secure the appropriate capability, advice and resource, and an ability to identify and manage risk. Then, when projects failed – or experienced major slippage and escalating costs – the underlying facts would be hidden from public view as members and officers sought to avoid accountability. Opportunities to learn would therefore be missed.
237. That the Council has experienced repeated failure in the delivery of major projects is of particular concern given the parlous state of the Council's finances and the challenges that lie ahead. It is precisely this ability to deliver complex change that the Council will need if it is to deliver the scale of service transformation that is required for it to become financially sustainable in the longer-term.

### Major projects in Thurrock

238. The Council has a broad strategic aim to achieve economic growth for its area. In pursuit of this, the Council has sought to take the lead in delivering a range of infrastructure and growth projects, in large part taking up this mantle from the former Thurrock Thames Gateway Development Corporation which was abolished in 2012. Whilst many small and medium scale projects have been effectively delivered, the Council has consistently struggled to successfully deliver major and complex projects, particularly those where a range of specialist skills and experiences would be required. Examples of these include the widening of the A13; the redevelopment of Stanford-le-Hope railway station, and the construction of an extension to the Council's main offices, now known as the Town Hall, all of which we examine below. We are also aware of a loss arising from the abandonment of a scheme undertaken through the Council's wholly-owned Thurrock Regeneration Limited and of some significant delays and cost increases affecting the planned construction of an underpass beneath the railway line in Grays town centre.
239. This is a considerable range and scale of major development opportunity – and risk. Whilst the ambition may be applauded, we have heard from many of the considerable number of managers who have worked on these schemes in recent years that these schemes have stretched the council's capability and capacity to undertake effective

commissioning, procurement and project management to the extent that it has failed to match the ambition or properly deliver the tasks in hand. Many of the officers we interviewed referred to the consistent under-resourcing of projects in respect of governance, set-up, risk management, and contract management. A number of managers have left the Council in recent years, citing disillusionment with the expectations laid upon them and the management of their efforts by the Council. The 'churn' rate of project staff has consequently been high, and regularly addressed through a series of interim appointments or of permanent appointments which have turned out to be short-lived. This in itself has proven to be a destabilising feature of the management arrangements in respect of specific projects as the regular handing-over of responsibilities and inherent loss of information and memory makes for difficulties in ensuring continuity and in maintaining relationships with contractors.

### **The widening of the A13**

240. This was a Department for Transport scheme which is now substantially completed. The South East Local Enterprise Partnership (SELEP) in their Growth Deal and Strategic Economic Plan 2014 had identified the A13 corridor as the largest single growth opportunity in the SELEP area but one which was constrained by the limited capacity of the strategic road network and in particular (in respect of Thurrock) the dual carriageway section of the A13.
241. Thurrock Council were keen to deliver this scheme, and in order to proceed agreed to a series of conditions, included among which was the requirement to meet any cost increases incurred during the delivery of the project. The conditions state that, 'as part of this approval the Department (DfT) will provide a maximum capped funding contribution of £66.05m towards an estimated total scheme cost of £78.85m. Thurrock Council is solely responsible for meeting any expenditure over and above this maximum amount'. Although the Department retained overall accountability for the scheme, the funding and assurance arrangements were devolved to SELEP.
242. In the Management Case produced for the Council by Mott McDonald in December 2016, the engineers noted that although 'Thurrock Council has limited experience of procuring works of the size and complexity of the A13 Widening, the Council has individuals working for it who have worked for other larger public and private sector organisations who have been involved in the procurement, commissioning and management of such works.'
243. The scheme was progressed by the Council, and with works commencing on site in late 2018 (and completion planned for autumn 2020) the project could be visibly seen to be progressing. Initial reports to SELEP's Accountability Board and to the Council's own Planning, Transport and Regeneration Overview and Scrutiny Committee reported that such progress was on time and within budget. While a report to the Accountability Board in June 2019 reaffirmed these same points, in parallel with this the escalating costs and delays which had become apparent to council officers led them to commission a commercial audit of the scheme by Corderoy (construction cost specialists).

244. Corderoy's preliminary Commercial Audit Report, received in September 2019, was alarming. Among 15 key findings and supporting commentary they reported that:
- **'The original intended design and build procurement strategy was abandoned in favour of separate design and construction contracts.** It seems that the Council is now dealing with the issues that were highlighted as strong reasons for a design and build route back in 2015, with no cognisance apparently taken of the reasons given for the benefits of design and build over issues that may arise in separate design and construct contracts (i.e., buildability issues, provision of information/interface issues, provision of surveys).'
  - **'The issue of who was to take responsibility for conducting surveys was, at best, in a state of flux at the time of construction and design tenders** in mid 2017.... It is apparent ... that the issue of surveys required to complete the detailed design ...were not concluded at contract award, and has been the subject of protracted discussion causing delays and additional costs.'
  - **'Risk does not appear to have been managed nor are there processes in place to manage it going forward...** Risk appears to have been managed as a contingency pot being drawn down, rather than a calculated amount based on the anticipated risks in completing the project. (This) provides no assurance that the project status and associated risks are being adequately considered in the project reporting.'
  - **'No delay damages are included in the Kier (construction) and Atkins (design) contracts.'**
  - **'The Project Board appears to have no roles and responsibilities set down, has no minutes and bases most of its reporting functions from the Kier Monthly Progress Report; ...**
245. The Audit report further comments that 'Corderoy understands that certain political commitments were made regarding the start of physical works on site (possibly without full knowledge and consideration of the procurement route that had been embarked on), and that this may also effect the budgeting of the scheme. However, it appears that at the start of the contract many issues such as surveys in readiness for detailed design, SUs [statutory undertakings] etc were not understood and the contractual responsibilities unclear'.
246. At this point (September 2019) the projected scheme overspend was put at £12.1m. With these weaknesses built into the project the Council was evidently exposed to considerable risk of the overspend increasing further as the consequences of these weaknesses worked their way through the scheme.
247. The alarm that this generated was reflected in correspondence and activity within the Council immediately afterwards, albeit that this was shared only among a small number of individual members and officers. Much of this was directed towards trying to work out how it had happened and who was responsible. This proved in large part inconclusive. It did, however, reveal that, with external consultants being employed, the Council's procurement team were not involved in providing any advice to the project and that the Council's legal team only provided advice after the contracts had been awarded. This drew the comment from the Council's Acting Head of Law (and

Monitoring Officer) 'If we had been instructed and engaged from the outset, I'm sure that that (named individual), a very highly experienced lawyer, would have flagged such contractual related issues up... at the point we were instructed, there was limited scope for Legal to advise on managing risk and indeed to mitigate risk.' Certainly, the degree of failure was recognised by the Council's Chief Executive, who referred to it in correspondence with other officers as a 'poorly managed project' and observed that 'we cannot start any more major schemes without fundamentally sorting out the internal structures etc to prevent such a situation arising again.'

248. Through this activity efforts were made to establish the reason for separating the design and construction of the scheme into two separate contracts, as it was not made clear in contemporary reports (and is not yet clear to us) why this should be so. Howsoever compelling the reason for this change may have been, it was a significant alteration in the procurement arrangements which would bring attendant consequences which do not seem to have been recognised or risk-assessed at the time. The Assistant Director later summarised these in a confidential briefing note to the Leader and Cabinet Member in the following terms: - 'The success of it (an arrangement based on separate design and construction contracts) relies upon correct sequencing i.e., detailed design comes forward with early contractor involvement (ECI) to inform the design and buildability of the scheme. It also relies upon effective collaboration between the parties which in effect puts increased need on effective contract management by the PM and ensuring the client team is working effectively.' It is evident from the Corderoy Report that this material change in risk was not flagged, and the need to ensure that the sequencing, collaboration and effective contract management that such a fundamental change required did not happen.
249. Another key strand of activity generated was in respect of progressing the scheme with as many mitigations as possible. Corderoy made a number of recommendations for such mitigation of the risk of further cost escalation, and it is clear that many of these were applied over the remainder of the scheme's life. A follow-up report by Corderoy in February 2021 acknowledges the value of the mitigations undertaken and proposes further improvements. It bleakly acknowledges, however, that in respect of some of the initial failures, 'the effects of th(ese) on the project finances are still being felt'.
250. In terms of sharing information, there was a clear critical need to keep SELEP informed, since its bi-monthly Accountability Board reviewed, as a standing item, the live projects it was responsible for funding. The emergence of significantly escalating costs was reported to the Board in September, as was the commissioning of Corderoy's audit with the observation made that it was not yet available. In November it was reported that even following a further allocation of £8.9m made by SELEP, the scheme was 'no longer within the budget envelope'. No detailed figures for the cost escalations were given, but oddly, in reporting that 'the council has not been able to reflect the outcome of their Audit of the project within this update' it states that 'The initial findings of the external audit report identified some additional risks to the timescales for the delivery of the Project. This includes unforeseen risks such as delays to the planned road closures as part of the contingency planning to help reduce congestion on routes to Ports in Essex following the new Brexit date of 31 January 2020'. We can find no such reference within the audit report.

251. A full report to SELEP's board was promised for February 2020. Throughout January, updates were prepared for presentation to this Board, and to the Council's own bodies, notably the cabinet, the Planning, Transport and Regeneration Overview and Scrutiny Committee (PTR) and the Standards and Audit Committee. A confidential report was also prepared for the Leader and Cabinet Member.
252. This latter report, issued on 22 January 2020, states its purpose as follows - 'This note is to provide an update on the project improvement plan which is being implemented for the A13. It will be recalled that the project was subject to delay in delivery and a budget over spend.' This was amended by the Chief Executive, to add in this sentence 'due to 3 specific reasons around costs associated with utilities, drainage and bridge structures.' Further amendments and suggested amendments to the note made by the Chief Executive emphasise explanations that were rooted in unforeseeable physical impediments to on-site progress (largely those beyond the Council's ability to anticipate or control) and position the council's procurement and contracting approach as having been predetermined by their use of established government frameworks – effectively explaining away the historic or procedural inadequacies raised by the auditors.
253. Indeed, the report to the SELEP Accountability Board on 14 February reminds the Board that there have been three significant issues which have impacted on the ability to deliver the project, those issues being: utilities diversion works; structures design; drainage design. The board is asked to note that the revised total project cost has not yet been formally confirmed. It also relates that the output of the Audit has yet to be made available, but notes that this output has been fed in to a targeted project plan to address any elements which were delaying delivery. This is the last time the audit report is referred to in any report to the Board, or indeed to any formal body of the Council.
254. In July 2020, a Report to the Council's Planning, Transport, Regeneration Overview and Scrutiny Committee gives an update on the operational problems, cost increases (the outturn is by now projected to be £114.65m) and delays to the scheme. The on-site obstacles (Utilities Diversion Works; Structures Design; Drainage Design) that have been encountered are reported, as is the possible effect of the Covid-19 pandemic. The report identifies other factors which have contributed to the challenges on the project in the form of (original) funding deadlines essentially driving less than optimum decisions on the project.
255. Reports to the Council's Overview and Scrutiny Committee throughout the remainder of 2020, 2021 and 2022 systematically repeat the now accepted reasons for the cost increases and delays and concentrate on the ongoing on-site difficulties and the measures being taken to address them. The anticipated outturn of £114m reported in June 2020 remains unamended throughout this time, although the ongoing cost pressures are regularly referred to as being under review.
256. The road opened across all three lanes in May 2022. Full project completion is anticipated for early 2023. Although it has not been reported to any forum, the current

anticipated outturn figure for the scheme is within the range £143m - £147m, against the original budget of £78.85m.

### Observations

257. It is well understood that major projects of this nature are complex and contain much scope for unforeseeable eventualities once work commences on-site. To this end, an optimism bias is regularly made in the costing of such schemes. In this instance some £20m of the scheme's original £79m budget was identified as contingency for just this purpose and has indeed been applied accordingly. The failures identified by the Audit, however, result from the inadequate governance and management arrangements for the commissioning, procurement and initial management of the project, and thus are either additional to those arising from the on-site challenges that have emerged, or have potentially compounded them. The absence of consideration of the Audit report, however, and the significant issues it raises, enables a misleading picture to be painted of the full reasons for the cost overrun.
258. We have already referred to the strong motivation within the Council to avoid presenting bad news to members, and publicly, and the reporting of this scheme provides a further example of the presentation of known problems in a manner that negates or downplays those for which the Council could be seen to be responsible and to refer to or emphasise only those for which the Council could not reasonably be held responsible. Not only is this a distortion of the facts and an avoidance of accountability, it effectively raises no evident need nor creates any evident opportunity for the Council to learn from the experience.

### Stanford-le-Hope railway station redevelopment

259. The Council in March 2016 formally undertook to deliver a station and bus interchange improvement scheme at Stanford-le-Hope. The project works included rebuilding the station to be fully accessible with new passenger facilities including toilets and a café. A new bus interchange was to be created allowing improved bus access and interchange at the station. This was to be a partnership project being delivered by the Council together with c2c, Network Rail and London Gateway.
260. SELEP supported the development and the original anticipated cost of the completed scheme was £12.05m, of which £7.5m was allocated from LGF, £3.3m from NSIP, £0.505m from DP World, £0.3m from the Council and the remainder from c2c.
261. In November 2016, Morgan Sindall was appointed to design and build the scheme under the Eastern Highways Alliance Contract. The contract was set up to include a hold point between stage 1 (develop design and produce a target cost for construction) and stage 2 (detailed design and construction). The Council was clear that it would only instruct Morgan Sindall to proceed to stage 2 when all funding was guaranteed.
262. In November 2018, an urgent briefing note was sent to the Chief Executive identifying the fact that, largely derived from the work undertaken by Morgan Sindall, the scheme costs are now projected to be £24m. Broadly, these costs are assessed as arising from



the recommendation for a complex engineering solution to enable transport movements at the site. The Council had expended £3.2m on the scheme at this point. Three options were proposed –

- Option 1 – Proceed now
- Option 2 - Abandon the project
- Option 3 – Delay the project

263. Essentially, the decision, seemingly informally taken was to institute a delay in order to consider the implications of the increased costs and the options that might be available for meeting it. However, in March 2019 the existing railway station buildings were demolished and a temporary facility put in place, as this was a condition of the funding agreement.
264. The Council allocated additional funding, with £19.09m now available (against a revised cost as at October 2019 of £25.5m).
265. In October 2019 a review of the project was commissioned through the same construction specialists (Corderoy) who had been brought in to audit the nearby A13 widening scheme. Their review report contains a significant number of observations which clarify the reasons for the cost increase.
266. In particular, delays arose from design issues, principally the change in the engineering solution proposed by Morgan Sindall from a culverted option for the adjoining Mucking Creek, to one envisaging a cantilevered podium slab spanning the Creek. This more expensive option was developed due to ‘Environment Agency issues; land purchase issues and associated SELEP funding’.
267. In respect of the management of this arrangement, Corderoy observe that ‘Where the Target Cost is required to be at a prescribed level, or to a fixed budget, it is imperative that design progress is monitored against tangible deliverables that can be costed, as the design develops. This way the Parties are fully aware of whether the developing design is likely to be within budget or not, and design or value engineering decisions can be made to timeously bring the Project within budget.
268. Failure to include a means of costing the design as it develops will result in it only being apparent that the Project is over budget when the Parties are in negotiation for Stage 2 (which may be too late in the process to do any significant design changes or value engineering).’
269. Corderoy further comment: - ‘whilst the design development was let on a lump sum basis, the cost certainty normally associated with that disappeared when there were significant design changes required which were not Morgan Sindall’s risk, and delays incurred that were also not Morgan Sindall’s risk.’
270. Other delays arose or would necessarily arise from:



- The time taken to finalise the development agreement between the Council and c2c, which caused Morgan Sindall to review or develop its design.
- The late introduction into the scheme of the replacement of the deck of the bridge carrying London Road over Mucking Creek. Corderoy commented that ‘this work has not been included in any design or costings thus far, and is a very late and significant change. It is likely to have significant price impact and, due to the construction methodology implications, a significant time implication.’
- The subsequent decision to instruct a redesign of the podium slab from a cantilevered steel slab to a (cheaper) fill and retaining wall option.

271. The Review Report makes further observations:

‘Land ownership issues and Environment Agency requirements do not appear to have been robustly reviewed and challenged during the design development stage in order to obtain a more efficient and cheaper design solution’.

‘Whilst we have concluded above that Morgan Sindall may have a sustainable argument as to why it excluded the London Road bridge deck replacement works, the basis of that argument relies on the Specification being vague as to which documents are included and hence the works required and/or scope of those works and/or the boundaries of those works.’

‘...there has been little or no internal governance within the Council for this Project... we understand that Project Board meetings were held up to April/May 2018. It is unclear what remit the Project Board had and specifically whether it was a decision-making body for the benefit of the Project or a reporting arena for information flow to the Council, or a combination of both.

272. Corderoy further noted that ‘they had anecdotal evidence of a general reluctance to share information and communicate progress and project issues within the Council’. They recommend that ‘a board or similar meeting arrangement be instigated on a regular basis in order to keep the various stakeholders informed of project progress and also to prevent project time and cost increases associated with delay in Employer based decisions.’

273. A note of the Review conclusions is shared with the Chief Executive on 6 November 2019. Her reaction is one of the deepest concern: - ‘I have read the note and I find most of it unbelievable. How can there not have been a project meeting for a year and a half? How has the bridge been included when it wasn’t originally? I understood that we had already parted company with Morgan Sindall, that an alternative provided (sic) is in place, that we should have had a planning application for a modular building this time last year etc etc’.

274. A considerable amount of activity is generated in response to the Chief Executive’s concerns and her instruction to get information together and agree a plan of action.

275. Very quickly (on 29 November 2019), the Council's Director of Place proposes 'an intervention that could assist in bringing this project in on budget as well as creating placemaking benefit'. Mace were appointed to undertake a short (3 week) review of the project and produce a proposal.
276. It appears that an implication of the proposal was the need to acquire some additional land. Arrangements were made to do so speedily, and emails between officers make clear that this land is 'on the market' at £1.5m. Arrangements are made to take a confidential report to cabinet to get agreement to this expenditure. This happens in January 2020. By March 2020 it is clear that the cost of this land will be £3.2m.
277. In February 2020 Mace are appointed to develop their proposal. This is a significantly altered scheme, meeting the requirements through an increase in the footprint of the site via land acquisition which removes the need for the heavy civil engineering works and services diversions which would have been required for the original scheme. It is projected to complete within the £19.09m budget.
278. At the Planning, Transport and Regeneration Overview and Scrutiny Committee (PTR O&S) on 6 July 2020, this outline proposal was presented by the Director of Place. Members agreed that the new design for the project was greatly welcomed, especially as it managed to save the creek behind the station and included additional parking.
279. At a meeting of the same committee on 8 December 2020, the expectation of officers was reported that the scheme, upon receipt of tenders, would be delivered within budget.
280. On 7 July 2021 cabinet agreed to provide an additional £10m to the project, bringing the total to £29.09m, citing the fact that the scheme has 'faced significant project challenges since the originally funding envelopes were agreed' and that 'costs associated with the scheme have increased as the process evolved alongside inflationary pressures and the wider impacts of Covid-19'.
281. On 5 October 2021, PTR O&S were advised that the commencement date for phase 1 (the railway station building) was given as potentially being September 2022 with completion around December 2023.
282. On 1 February 2022, contract award was reported to PTR O&S as being anticipated to take place in March 2022
283. On 5 July 2022 PTR O&S were advised that a start on site within the following couple of months was still expected in respect of Phase 1.
284. On 18 October 2022 the Assistant Director of Regeneration and Place Delivery advised PTR O&S that 'it was clear there were to be further delays to the construction start date due to contract negotiations, however officers were hopeful to come to a contract agreement by the end of October'.
285. On 6 December 2022 it was reported to PTR O&S that:

'Work to execute the station construction contract has been hindered by the issues around soaring inflation, national procurement lead in times, the allocation of liabilities and risks between the parties to satisfy the fixed price contract and rail possession availability'. The Council is 'currently considering the next steps, with alternative procurement strategies being considered and developed concurrently. A revised programme for the delivery of Phase 1 will be drafted following the outcome of this procurement process and any alternative procurement option selected'. The Committee resolved that a Working Group be formed to investigate the Stanford-le-Hope Interchange Project.

### Observations

286. In the six years since the initial appointment of designers for this scheme, the budget has grown from £12.5m to £29.09m, and the only activity 'on the ground' has been the demolition of the existing railway station buildings with temporary replacement facilities installed and the acquisition of additional land to facilitate a revised design.
287. With procurement options being currently reconsidered, the delivery of the project is still same way off.
288. The issues identified around poor specification and project management, lack of proper governance, inadequate identification and management of risks, delays in responding to emergent problems and reluctance to and delay in escalating 'bad news' are all similar to those seen in respect of the A13 project. Furthermore, given the cost escalation since the adoption of the speedily produced alternative solution, there must also be questions as to whether the Council properly considered the cost implications of this option.

### **Belmont Rd, Grays, housing scheme – Thurrock Regeneration Ltd.**

289. Thurrock Regeneration Ltd (TRL) is a company wholly owned by the Council. It is tasked with, among other things, supporting the Council's regeneration goals through the delivery of specific schemes which support the economic development of the borough as well as delivering new homes. At the time of this scheme being pursued, three of the four directors of the Company were officers of the Council. The fourth was an employee of Homes England.
290. The scheme to construct 80 properties on a former allotment site at Belmont Road, Grays, received planning permission in 2017. The Council's procurement procedures were used to select a construction contractor. The plan was that the development contract, initially undertaken by the Council, would novate to TRL following this procurement. Access to the site would be achieved via an adjacent former industrial site.
291. The scheme was commenced via the identified access route but at an early stage of development, and after only some groundworks had been undertaken, a legal obstacle

was found to exist with this access route. This hitherto unknown problem required the contractor to cease use of the access route.

292. Alternative access options were considered. An options appraisal considered access to the site via a range of alternative routes. None of these routes provided an easy solution for site access. The most viable option in financial, contractual, legal and technical terms would mean accessing the site via three residential streets with mitigation measures being put in place to limit the effect on residents. However, the Council gave a clear steer that this option was not acceptable and instructed TRL not to use the residential access roads.
293. Since the contract had not yet novated at this point, TRL were unable to continue with the development. The three Council employees who were directors of the company resigned on 31 August 2020 (the fourth director having previously resigned his position in February 2020). The inspection team understands that these resignations reflected the directors' conflicted position – they were unable to take decisions in the best interests of the company and the Council. No further directors were appointed until January 2021 and the work of TRL was stalled until this point.
294. The Council's records show that on 8 October 2020 the Council entered into an agreement with the construction contractor under which the Council paid a substantial sum in order to extricate itself from the contract and an associated dispute. This agreement includes a confidentiality clause preventing either party from revealing the value of the settlement. Planning permission for the development has since lapsed and the financial, social and economic benefits of developing the 80 new homes have yet to be realised.

### Observations

295. In setting up a Company to undertake activity such as housing development, it is necessary for any local authority to give some independence to the company – indeed there is an obligation under the Companies Act 2006 for directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. The fact of the company's directors being officers of the Council can make this difficult, although (as this does happen elsewhere) not impossible. It is certainly unusual, however, in these arrangements for so many of the company's directors to be employees of the Council, and this can put those directors in a potentially very difficult position, should, as in this case, there be a strong difference in view between the Council and the Company.
296. In terms of the Council's decision-making in respect of this scheme, there is a report to Council in November 2017 in which the land transfer, funding and management arrangements (planning permission having already been granted) are transferred to TRL. There are no further reports made on the matter even though the decision to not enable TRL to proceed caused this valuable development to be abandoned with the potential for additional council tax to be earned and considerable costs incurred.

297. Whilst it may have been frustrating (and surprising) that a legal obstacle to use of the chosen access was not discovered by the Council in undertaking due diligence, site access could still have undertaken via one or more of the alternative routes, with reasonable mitigations put in place for local residents. It raises the question as to why the Council did not do this. In the absence of any formal reporting, and although we have been offered various opinions on the matter from members and officers involved, we have not been able to establish a reason for this decision.
298. We have, however, been able to establish that project has incurred costs to the taxpayer – not least the financial costs of the settlement with the construction contractor. Having made errors that led to a failed project and abortive cost, the Council did not report these costs openly, avoiding scrutiny and missing opportunities to learn meaningful lessons.

### The new Town Hall

299. The building of an extension to the Civic Offices was planned to provide space for a new council chamber, democratic functions and reception area as well as providing the flexibility to consider relocating other Council services such as the library and registrars. It would re-orientate the Civic Offices of the Council away from a wholly side street location by extending the western wing of the existing structure (built in 1988) across the site of some adjacent poor quality commercial premises to the point where the extension would have a High Street frontage and provide a new entrance to the Civic Offices, this all in support of the wider Grays Masterplan. In a report to the cabinet in November 2017, the costs of these works were estimated as £7.98m. It was proposed that the existing eastern wing of the Civic Centre (built in 1984) could be redeveloped for housing, realising £2.8m, which would defray some of the cost of the works. The cabinet resolved to undertake detailed design of the western extension and to draw up proposals for the disposal of the eastern wing.
300. On 12 December 2018 cabinet approved a report authorising the procurement of a new extension of the Civic Offices in accordance with a design submitted by the chosen architects. The brief to the architects was to design a building that could potentially be award winning. It had to meet, as a minimum, the Council's planning conditions of BREEAM 'Outstanding' so that it would set the tone for future town centre developments. A consequence of this was the requirement for additional capital funding of £1.8m to be made available. The cabinet also authorised the submission of an outline planning application for 120 residential units on the site of the eastern wing of the Civic Offices.
301. In June 2019 two senior opposition Councillors put forward a motion to Council calling on the cabinet to abandon this proposal. The minutes refer to a public protest against the development taking place outside the meeting and the motion calling for the cancellation of the scheme was carried by 26 votes to 16.
302. On 3 September 2019 a position statement relating to the project was considered by the Corporate Overview and Scrutiny Committee. The meeting reiterated the view of

Council that the project should be cancelled: The Committee called on cabinet to cancel the Civic Offices Project 'subject to additional work to adequately demonstrate the benefits that would be delivered by the project'.

303. At the meeting of the cabinet the following week (11 September) it was resolved:

That cabinet noted the contents of this report and recommended how they wish to proceed with the Civic Offices element of the Grays Town Centre Regeneration programme, having regard to any comments provided by the Corporate Overview and Scrutiny Committee at their meeting held on 3 September.

304. It appears that this was a 'copy and paste' of the officer recommendation in the report asking the cabinet to make a decision – i.e. to ask them to formulate their own decision at the meeting following a discussion - rather than a draft resolution that cabinet was asked to pass.

305. The cabinet simply passed this as a resolution. This resolution is not a decision to proceed with the scheme, or to cancel it. It provides no response at all to the demands from Council or from the Corporate Overview and Scrutiny Committee. The next time the project is mentioned in a cabinet paper was on 17 June 2020 in a report relating to a proposal to override private rights over the land.

306. In any event, the scheme was progressed with no formal decision to proceed, which represents an example of a failure to formulate and minute a proper decision.

307. There was a clear determination that the scheme costs would not be exceeded, and the Chief Executive fulfilled the role of project sponsor.

308. The building has been completed and opened and the registry office relocated to the new building.

309. We have had concerns raised with us over the seeming incongruity in the non-alignment of building floor levels. Although an extension of an existing (and much larger) building in the shape of the western wing of the existing Civic Centre, the New Town Hall, (as it has been designated) has not been constructed with floor levels that match the existing building. Moving between the two parts of the building requires travel either up or down a half-flight of stairs or use of a single lift that moves between half-floors.

310. We have been advised that, following a report to the Housing Overview and Scrutiny Committee in January 2023, the development of new homes on the site of the existing eastern wing of the Civic Centre is now not considered financially viable. This shift in view has been prompted by increasing borrowing and construction costs. The future of this site has yet to be determined. This puts at risk the assumed £2.8m income to the scheme budget.

### Observations

311. The creation of new civic office accommodation is almost always a contentious issue in local government, the more so at times of financial restraint and the high prevalence of other service demands. The conventional and reasonable view is that any such need must be well-evidenced and addressed via a robust business case that can demonstrate that the scheme proposed is necessary, and is the most effective and efficient (including cost-efficient) possible.
312. It is difficult to find any such case having been made for this scheme. We do not doubt that Grays High Street will benefit from having modern and attractive new buildings, and ones that have a high footfall demand. We have not, however, seen that this particular scheme has been measured against other potential options for achieving this. Furthermore, the fact of such a proposal, given that it is for the Council's own use, being proceeded with while failing to find favour with a majority of the Council's own members is unusual. We understand that, legally, had the Cabinet formally resolved to go ahead then it is likely to have been within their powers to do so, but it would not have been unreasonable for the Cabinet to have sought with more vigour to have won the argument for doing so amongst the wider membership of the Authority and remove the incongruity that this presents. That, essentially, was the advice from the Corporate Scrutiny Committee. It is surprising that a contentious decision to go ahead was not properly made.
313. Proceeding with such a scheme without establishing the use to which the existing eastern wing of the Civic Centre could be put, and the value that could be obtained from that, was evidently premature. The scheme has consequently cost £2.8m more than its budget.



## Conclusions

314. We have concluded that failures in this authority arose over a period of years during which time many of the operating and behavioural norms that sustain effective local government have been permitted to decay or to fall into disuse. As they did so, the Council developed systemic weaknesses which have become the norm.
315. These weaknesses have not been recognised or addressed from within. We have catalogued many declining characteristics of this Council which, if positive political or managerial will had been applied at any point, could have been attended to and the crisis that was precipitated here either averted or substantially mitigated in its effect.
316. That will – or leadership – was not applied. Its absence was exemplified in the way the Council responded to adversity - for example in the way in which poor performance was handled. Good local authorities minimise instances of poor performance by organising themselves efficiently and operating effectively so that such failures occur rarely, and when they do are rendered manageable not least for that reason. They are also used as learning points for future operations. Within Thurrock Council, poor performance has regularly been responded to with an urge to restrict knowledge of its existence, conceal it, or find ways to explain it away. All of these tactics are not only intrinsically wrong in themselves, they diminish the integrity of the authority to a degree that goes well beyond the individual instance of failure because they build entirely the wrong lessons into the Council's future approach to adversity. The restriction of knowledge over what may have been going on in respect of large or inherently risky projects has in particular become a debilitating embedded characteristic – often involving only a small group of members, officers or both (and not always the same people – there is not so much of a conspiracy here, more a manifestation of an enfeebled culture and the compartmentalisation of the Council's management arrangements) – and is one that is highly corrosive to transparency in decision-making and ultimately of good governance.
317. The failure of leadership in Thurrock Council is nowhere more evident than in the attention given to addressing operationally straightforward elements of the authority's work at the expense of other, more challenging responsibilities. There is nothing at all wrong with wanting to 'clean it, cut it, fill it', but a fixation with doing so while less populist, more complex, expensive and risk-bearing activities such as the commissioning and management of major infrastructure projects and the oversight of an enormous and risky investment strategy lacked the attention and care that they should have commanded, represents an abdication of responsibility by both politicians and senior managers.
318. During the five years of pursuit of its investment strategy, some astonishment was occasionally expressed by members and officers at the fact that no other council was adopting the same approach. If nothing else had done so, this fact on its own should have given the Council some cause for reflection. It seems, rather, that the scale and continuous flow of the incoming funds served to preclude such curiosity. We were told that oversight of the strategy relied upon trust. That is an admirable quality and the



right place to start. The leadership and management of a local authority, however, charged as it is with stewardship and proper expenditure of public funds, requires assurance that this trust is well placed. Copious mechanisms that could and should have provided that assurance - the 'checks and balances' of the system of operation that exist in every local authority - were debased at this Council. It is fundamental to good local government that the integrity of these systems should be maintained. The laxity and drift in the operation of basic components of governance and the misapplication or negation of its system of internal controls were managerial failures at the core of this Council's business.

319. We have made a series of recommendations, the application of which we are confident will enhance the efforts that Thurrock Council, under the control and guidance of Commissioners, makes towards recovery, albeit that recovery itself will also require external financial assistance of some scale to be provided.
  
320. We believe it is likely that some of the Council's failings could have been prevented had knowledge of their existence been more clearly exposed to view and to some form of deliberative and authoritative action at an earlier point, and that agencies both inside and outside the Council could have placed themselves, or have been placed, in a stronger position from which to act to effect change earlier than has been the case. To that end we have identified some potential for strengthening the requirements relating to the internal control environment of local government and have also made recommendations in this regard.

# Appendices

## Appendix 1: Directions to Thurrock Council

### DIRECTIONS UNDER SECTION 15(5) AND (6) OF THE LOCAL GOVERNMENT ACT 1999

1. The Secretary of State for Levelling Up, Housing and Communities ("the Secretary of State") has carefully considered the following in respect of Thurrock Council ("the Authority"):

- i. The Authority's exceptional level of external borrowing and approach to managing this borrowing and the Authority's finances more widely.
- ii. The feedback report of the Local Government Association (LGA) Corporate Peer Challenge of Thurrock Council (10 to 13 January 2022).
- iii. Discussions between Ministers and Officials of the Department for Levelling Up, Housing and Communities and Members and Officers of Thurrock Council.

2. The Secretary of State is satisfied that the Authority is failing to comply with the requirements of Part I of the Local Government Act 1999 ("the 1999 Act").

3. The Secretary of State considers the matter sufficiently urgent to forego the period of representation in section 15(9) of the 1999 Act. He considers it necessary and expedient, in accordance with his powers under section 15(5) and (6) of the 1999 Act, to immediately direct the Authority as set out below in order to secure the Authority's compliance with the requirements of Part I of the 1999 Act, in particular:

- To deliver financial sustainability by closing any short- or long-term budget gaps and reducing the Authority's exceptionally high level of external borrowing;
- To ensure compliance with all relevant rules and guidelines relating to the financial management of the Authority;
- To ensure that a strategic and systematic approach to risk management, with appropriate scrutiny and governance of the decision-making processes and procedures, is adopted and embedded across the Authority;
- To address the culture of poor financial management and governance of its commercial portfolio.

4. Pursuant to his powers under section 15(5) and (6) of the 1999 Act, the Secretary of State directs:

- i. the Authority to take the actions set out in Annex A to these Directions;
- ii. that the functions of the Authority specified in Annex B to these Directions shall be exercised from the date of these Directions by the

Commissioners acting jointly or severally; the Commissioners being persons nominated by the Secretary of State for the purposes of these Directions as long as those nominations are in force;

iii.that, from the date of these Directions, the Authority shall comply with any instructions of the Commissioners in relation to the exercise of the functions specified in Annex B, and shall provide such information and assistance as the Commissioners may require for the purpose of exercising the functions specified in Annex B.

5. These Directions shall remain in force until 1 September 2025 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Signed on behalf of the Secretary of State for Levelling Up, Housing and Communities.

Maxwell Soule  
Senior Civil Servant in the Department for Levelling Up, Housing and Communities

Date: 2 September 2022

**ACTION THE AUTHORITY IS REQUIRED TO TAKE**

In this Annex, the following expressions have the following meanings –

“the Authority” includes the Leader of the Council, Cabinet Members, any committee or sub-committee; and any other person who has responsibility for the matter in question.

The actions to be taken by the Authority are:

1. Prepare and agree an Improvement Plan to the satisfaction of the Commissioner (which may include or draw upon improvement or action plans prepared before the date of these Directions), within 3 months, with resource allocated accordingly, to include at a minimum:
  - a. An action plan to achieve financial sustainability and to close any short and long-term budget gaps identified by the Authority across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan;
  - b. An action plan to ensure the Authority’s capital, investment and treasury management strategies are sustainable and affordable;
  - c. A strict debt reduction plan, and an updated minimum revenue provision (MRP) policy in line with all relevant rules and guidelines;
  - d. An action plan to ensure the Authority is complying with all relevant rules and guidelines relating to the financial management of the Authority; and
  - e. A suitable scheme of delegations for financial decision-making.
2. To report to the Commissioner on the delivery of the Improvement Plan at 6 monthly intervals, or at such intervals as Commissioner may direct.
3. To undertake in the exercise of any of its functions any action that the Commissioner may reasonably require to avoid so far as practicable incidents of poor financial governance or financial mismanagement that would, in the reasonable opinion of the Commissioner, give rise to the risk of further failures by the Authority to comply with the best value duty.
4. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary:
  - a. to any premises of the Authority;
  - b. to any document relating to the Authority; and
  - c. to any employee or member of the Authority.

5. To provide the Commissioner, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions;
6. To pay the Commissioner reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
7. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request.
8. To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of these Directions.

**FUNCTIONS OF THE AUTHORITY TO BE EXERCISED BY THE COMMISSIONER**

In this Annex –

“the Authority” includes the Leader, Cabinet Members, any committee or subcommittee; and any other person who has responsibility for the matter in question.

The Commissioner shall exercise:

1. All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority;
2. The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority’s financial affairs, and all functions associated with the strategic financial management of the Authority, to include:
  - a. providing advice and challenge to the Authority on the preparation and implementation of a detailed action plan to achieve financial sustainability and to close any short and long-term budget gaps identified by the Authority across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan;
  - b. providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy (MTFS) for the Authority, strictly limiting future borrowing and capital spending;
  - c. scrutiny of all in-year amendments to annual budgets;
  - d. the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority’s ability to fulfil its best value duty;
  - e. providing advice and challenge to the Authority on the preparation of sustainable and affordable capital, investment and treasury management strategies; a strict debt reduction plan; and a revised minimum revenue provision (MRP) policy;
  - f. providing advice and challenge to the Authority on a suitable scheme of delegations for financial decision-making;
  - g. ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.

## Appendix 2: Inspection letter (6 December 2022)

Essex County Council  
Chief Executive's Office  
County Hall  
Chelmsford  
CM1 1QH



Date: 6.12.22

Dear Secretary of State

### **BEST VALUE INSPECTION OF THURROCK COUNCIL**

Essex County Council is making sound progress in completing its Best Value inspection of Thurrock Council. The inspection team is confident that, when they conclude their inspection, we will be in a position to make a range of recommendations that will enable significant improvement to be made in the way the Council operates.

Some of our recommendations are already complete. I am therefore writing to set out a number of these in advance of our inspection report. I am sharing them, conscious that information on the extent of the Council's financial difficulties, and the scale of necessary recovery work, is becoming clearer by the day. These recommendations will, if accepted, enable immediate action to be taken to support the Council's recovery. I believe it is in the interests of the residents of Thurrock and the Council that these recommendations are shared promptly to enable action to be taken in a timely way.

I anticipate that the Best Value inspection report will go beyond the areas covered in the recommendations set out below. The inspection team is currently undertaking detailed research into other areas where we believe it likely that we may make further recommendations to you. This work will necessarily require further time. In discussion with your officials, we have explored the possibility of extending the time available to us to complete this work. Based on these discussions, I would like to propose that we submit our report and full recommendations on 17<sup>th</sup> February 2023. I do not ask for this extension lightly. I am aware that this will incur additional cost, but it is essential that the full extent of the issues is set out clearly, not only for yourself, but also for the Council so that it understands the full scale of the recovery required.

### **Our recommendations**

The information set out in Thurrock Council's Quarter 2 Finance Update 2022/23, considered by the cabinet on 7 December 2022, suggests that the Council will be unable to set a balanced budget in 2023/24 within its current resources. Its current year deficit has been reported at £470m and its on-going structural deficit is £184m. This surpasses that of any other local authority in England. In



addition, its level of borrowing stands at £1.3billion. The Council will therefore require significant external support, and will need to deliver extensive savings, for years to come.

It is inevitable that the Council, in addition to making extensive efficiency savings, will have to make a significant and rapid reduction in the scope of local services. Many services, which have been relatively well funded over the past decade may, as a consequence, be either ceased or (where statutorily underpinned) equipped to do little more than provide a minimum level of service for the foreseeable future. Undertaking this transformation will be a hugely difficult task, not least because the Council does not have a good record in delivering major projects. It will need to be effectively managed at both the corporate and service level if the Council is to avoid serious operational failures.

To ensure that Thurrock Council has the leadership necessary to deliver this change, a clear roadmap for the future, and the right foundations in place to enable it to manage this change effectively, the team have made the following recommendations which I commend to the Secretary of State and the Council.

**Recommendation A:** The Secretary of State should direct Thurrock Council to prepare, agree and implement a recovery plan to the satisfaction of Commissioners. This will build upon and extend the scope of the improvement and recovery plan currently being developed.

The extended recovery plan should set out robust actions to:

- prioritise and reconfigure council services to ensure they can be delivered within the radically reduced financial resources that will be available;
- put in place the skills, capabilities and capacity necessary to lead and manage this change;
- address the weaknesses in governance that have undermined transparency and effective and informed decision-making, including by making improvements in taking and recording formal decisions, and the functioning of scrutiny, full specific details of which will be in our final report;
- put in place arrangements for the improved provision of appropriate information to elected members and to the public; and
- secure the proper resourcing and functioning of the system of internal controls, including risk management and internal audit.

**Recommendation B:** The Secretary of State should direct Thurrock Council to:

- design an appropriate officer structure for the authority, to the satisfaction of Commissioners. This should provide sufficient resources to deliver the authority's functions in an efficient and effective way,
- develop an enhanced performance management framework for the operation of this structure and for the senior officers within it and implement and manage this to the satisfaction of Commissioners.

**Recommendation C:** The Secretary of State should grant Commissioners the authority to make appointments and dismissals with respect to senior positions, and to determine the processes for making these appointments and dismissals.

For the purposes of Recommendations B and C, 'senior positions' should be understood as the top three tiers of the organisation.

A statement summarising key lessons from the Best Value inspection so far is attached to this letter. This statement provides a summary of the evidence and supporting rationale for these recommendations, and will be expanded upon further in the final report.

I hope these recommendations are helpful and that they can provide a basis for the immediate next steps necessary to secure Thurrock Council's future in the interests of local residents and communities.

Yours sincerely

**Gavin Jones**  
**Chief Executive**

1. Between 2016 and 2022 Thurrock Council pursued a strategy of borrowing large amounts of money, predominantly from other local authorities, and using these to undertake a range of investments for the purposes of securing a return. The income from this strategy enabled local political leaders to forestall or avoid difficult decisions on raising council tax, and on the transformation of local services, for several years. But the Council failed to understand and control the risks of this investment strategy. The ultimate failure of the strategy, and the scale of the financial loss that has resulted, inevitably raises serious questions over the financial viability of the authority unless significant external support is provided.
2. The full extent of the Council's financial difficulties will not be known for some time. At the time of writing, the Council's Quarter 2 Finance Update 2022/23 suggests that there is an in-year deficit of some £470m, and an estimated structural deficit in 2023/24 of £184m. This is the sum that is in excess of its budget provision, and must be found over and above the cost of the provision of services for the residents of Thurrock (£154m 2022/23 General Fund revenue budget). Setting aside the current in-year deficit position, this therefore suggests an ongoing structural deficit of 120%. Given this, it is clear that the Council will be unable to set a balanced budget in 2023/24 within its current resources and, as stated above, will require significant external support, as well as the delivery of an extensive savings programme for years to come.
3. In its Capital Strategy report presented in February 2022, the level of borrowing estimated as at 31 March 2023 is shown as £1.3bn (excluding HRA) all of which must be properly accounted for. The annual revenue costs associated with this debt make Thurrock Council – one of England's smaller unitary councils in terms of population and tax base - highly vulnerable from a financial point of view. The Council does not have a sufficient portfolio of assets that can be sold to significantly reduce this debt burden.
4. As part of its response, it is inevitable that the Council, in addition to making extensive efficiency savings, will have to make a significant and rapid reduction in the scope of local services. Many services, which have been relatively well funded over the past decade may, as a consequence, be equipped to do little more than a minimum level of provision for the foreseeable future, if indeed they can continue at all. Leading this transformation will be a hugely difficult task, not least because the Council does not have a good record in delivering major projects. It will need to be effectively managed at both the corporate and service level if the Council is to avoid serious operational failures.
5. It is important to make clear that the Council's financial difficulties are the consequence of dysfunction within the Council, not the cause of it. Our inspection has found that, although serious mistakes have been made by individuals with respect to financial management, the challenges facing the Council stem from a series of self-sustaining, systemic weaknesses which have allowed for repeated failure over many years.
6. The effective running of the Council and its ability to deliver on its ambitions have been undermined by failures in political and managerial leadership, including a lack of consistent strategic direction being given to the authority, inadequate governance arrangements, and weaknesses in internal control. These factors, and others, have created an inhibiting working environment, characterised by a focus on transactional activity at the expense of corporate endeavour for those in senior leadership positions. This has in turn bred a culture of insularity and complacency, within which transparency of decision-making and the operation of normal and proper checks and balances have been eroded, internal challenge has been discouraged, and external criticism has been routinely dismissed – placing the Council in a state of unconscious incompetence.

## Evidence supporting our specific recommendations

**Recommendation A:** The Secretary of State should direct Thurrock Council to prepare, agree and implement a recovery plan to the satisfaction of Commissioners. This will build on and extend the scope of the improvement and recovery plan currently being developed.

The extended recovery plan should set out robust actions to:

- prioritise and reconfigure council services to ensure they can be delivered within the radically reduced financial resources that will be available;
- put in place the skills, capabilities and capacity necessary to lead and manage this change;
- address weaknesses in governance that have undermined transparency and effective and informed decision-making, including improvements in making and recording formal decisions, and the functioning of scrutiny;
- put in place arrangements for the improved provision of appropriate information to elected members and to the public; and
- secure the proper resourcing and functioning of the system of internal controls, including risk management and internal audit.

7. In order to secure change on the scale required, the Council will need a clear and robust improvement and recovery plan. Directions from the Secretary of State already require the authority to prepare and agree an improvement plan, to the satisfaction of Commissioners, that includes a plan to achieve financial sustainability and to close long and short-term budget gaps. Our recommendation builds on these directions and makes explicit the requirements that the Council should prioritise and reconfigure services, and that it should put in place the skills, capabilities and capacity necessary to lead and manage the change.
8. These elements of our recommendation reflect:
- a. the scale of the financial challenge facing the Council.** This is summarised in the Council's Financial Update for Q2 2022/23 above, and means it is inevitable that, in addition to making extensive efficiency savings, the Council will have to make a significant and rapid reduction in the scope of local services.
  - b. the Council does not have track record in delivering transformational change in the context of reducing financial resources.** The income from the Council's investment strategy enabled local political leaders to forestall or avoid difficult decisions on the transformation of local services for several years. Through our inspection we have heard that, rather than driving the modernisation of services and reducing the costs of services – an exercise that was playing out across the wider local government sector – Thurrock Council built the revenues from high-risk investments into its base budget and allocated surpluses to fund short-term political priorities.
  - c. the Council's historic lack of strategic planning and long-term decision-making.** The Council has struggled to give consistent strategic direction to its intentions. Both members and officers have failed to articulate a Corporate Plan through which the Council's resources, efforts and energies could be prioritised against a set of deliverable objectives.

In the absence of an overarching and coherent strategic plan, the Council has focused on a number of large-scale regeneration and infrastructure projects (see paragraph 8d below) and

short-term, highly visible street-scene based functions, encapsulated in the phrase 'Cut it, bin it, fill it'. This latter approach has regularly dominated the attention of leading members and senior officers and has become a yardstick for how success is measured. While these matters are of course important, they have also provided a distraction from more challenging concerns. The seriousness of Council's financial situation means that recovery will be a slow process extending over many years. Those who provide leadership to Thurrock Council in the future will require the discipline and resolve to sustain this process and resist distraction.

- d. **the Council's track record in the delivery of major projects.** Although many council services perform well in the delivery of business-as-usual services, our inspection has highlighted repeated failures in the delivery of major projects. Examples include the development of the New Town Hall, the delivery of the A13 widening scheme, the regeneration of Purfleet and the redevelopment of Stanford-Le-Hope station.
  - e. **weaknesses in the Council's corporate working practices.** Through our inspection we have been told repeatedly that the Council's Directors failed to act as a corporate management team, focusing attention on transactional discussions between siloed professional functions rather than on working together corporately. This has been compounded by a lack of collective working between the directors board and cabinet. Although relationships between individual directors and portfolio holders may be functional, this cannot be sufficient to sustain the burden of decision-making required to guide the Council through the change of the scale necessary to secure its future.
9. This recommendation also makes explicit the need for the Council to put in place robust operating practices to ensure that it can manage the necessary change in an effective way, addressing historic weaknesses in governance, transparency and in the functioning of internal controls. These elements of our recommendation reflect:
- a. **significant weaknesses in the Council's formal decision-making.** Through our inspection we have identified a culture of informality around decision-making in which there is often no recorded 'single truth' of important decisions, meaning that there is no record of why 'decisions' were taken and it's sometimes unclear if there was any decision at all. Too often 'decisions' are taken at informal meetings and are never followed up with formal decisions by a person or body authorised to take them, meaning that they have no formal or binding status. There are similar weaknesses in the minuting for formal meetings. Although the debate is extensively minuted, key information is regularly omitted such as the actual decision. Reports to members are not always provided in good time or with sufficient information. This informality represents a significant weakness in the Council's control environment. It limits the extent to which decisions taken by members provide clear enforceable instructions to officers, reducing their ability to lead the organisation and hold officers to account. There are also concerns about some aspects of the Council's constitution which seeks to entrench the position of whichever party is in power.
  - b. **significant weaknesses in the Council's scrutiny function.** Scrutiny members told us, and we agree, that at present scrutiny does not add significant value to the work of the Council. Scrutiny at Thurrock consumes a lot of member time with the Council having a large number of committees, which meet infrequently, follow work programmes that are largely controlled by officers, and spend a disproportionate amount of time reviewing forthcoming cabinet reports in a way which does not comply with best practice or add value. Members are not given the information they request and when Scrutiny make comments these are frequently not recorded properly and are not passed to decision-makers. Senior officers and members do not

sufficiently engage with scrutiny. Such was the lack of engagement that early in the inspection it became clear that there was no one appointed to the statutory role of scrutiny officer. These factors limit committee members' ability to engage meaningfully with key issues, undermining the extent to which they can provide meaningful scrutiny of council activity.

- c. **a culture within the Council that has bred a lack of transparency with members.** Throughout the inspection we have been told that members at all levels are not given the information they need to take informed decisions, to scrutinise the work of the Council or to hold the executive to account. This is evident in:
- i. the way reports are prepared for formal meetings. Often formal reports do not comply with basic requirements to set out the decision requested, the impact of the decision, the key issues, the pros and cons, the risks, financial implications and any legal advice. Nor do they always set out the options to consider. Some reports included so little information that it would have been difficult for members to take a proper decision; and
  - ii. the way questions have been historically dealt with at full council. In breach of the constitution, questions from members have been rejected where the Monitoring Officer judged the question or answer is likely to disclose confidential or exempt information. Judgments made in rejecting questions have erred heavily on the side of non-disclosure which has hindered the ability of members to receive the information they need.
- d. **significant weaknesses in internal control.** An internal control environment exists to provide a set of checks and balances that provide assurance from multiple sources that the operation of the organisation is running effectively. The strength of the internal control environment has been tested in Thurrock in relation to the Investment Programme. The conclusion is that such systems were either not in place, did not work effectively or their use was bypassed with catastrophic consequences.

The Council agreed a set of principles which should have acted as the framework for the investment programme. However, there was very little active reporting against these principles. In addition, considerable power was delegated to the S151 Officer without any explanation being sought, or given, on why such powers were necessary. Furthermore, there was no reporting of the operation of those delegations, nor was any other mechanism deployed to either identify or challenge what he was doing. There was no effective separation of roles. There was no involvement of internal audit in the programme, and resourcing of this function is in any event woefully inadequate. The corporate risk register reported the highest risks and opportunities – the only visibility of the investment programme at corporate level was as an opportunity, not as a risk, and indeed we can find no understanding of the complexity of the programme that would have informed a proper risk assessment. There was no consideration of the skills and resourcing requirements need to run this programme properly, and advice from the Treasury Management advisers given in 2018 was not only ignored, but their contract was then terminated. It wasn't until two years later, at which point £951m had been invested, that the authority contracted with external investment advisers.

There was an almost complete absence of any proper system of internal control. Given the scale of change the authority must now undertake, it is essential that this is addressed as a matter of urgency.

**Recommendation B:** The Secretary of State should direct the Council to:

- design an appropriate officer structure for the authority, to the satisfaction of Commissioners. This should provide sufficient resources to deliver the authority's functions in an efficient and effective way,
- develop an enhanced performance management framework for the operation of this structure and for the senior officers within it, and implement and manage this to the satisfaction of Commissioners.

**Recommendation C:** The Secretary of State should grant Commissioners the authority to make appointments and dismissals with respect to senior positions, and to determine the processes for making these appointments and dismissals.

For the purposes of Recommendations B and C, 'senior positions' should be understood as the top three tiers of the organisation.

10. The scale of the change required, and the reduction in resources available to the Council will inevitably require significant change to its senior management structures. Currently, members of the directors board are not working within a structure that makes the most of their skills and abilities and which does not provide for these to add value to the corporate operation of the authority. Recommendations B and C make explicit the need for this change. These recommendations are also necessary, in practical terms, to give effect to Recommendation A. Put simply, if the Council's senior officer structure isn't fit for purpose, and isn't performing to the appropriate level, then it represents a major risk to the recovery of the Council and to future service provision.
11. These recommendations also reflect the need to:
- a. **drive a new set of behaviours among the Council's most senior tiers of management.**
    - i. As noted above, the Council's directors board is not accustomed to operating as a Corporate Leadership Team – this had not been a requirement for success in a management environment that focused on operational considerations to the exclusion of strategic issues;
    - ii. Tackling historic and long-standing weaknesses in governance, transparency and internal control will require more than simply changes in process. Senior Leaders will need to foster a culture of openness and collaboration with members, but one in which the proper checks and balances on decisions are accorded the level of application and respect necessary.
  - b. **ensure a senior team with the skills and experience necessary to lead significant change over a sustained period.**
    - i. Decision-making in the Council over at least the past seven years has been characterised by short-termism. Officers and members have failed to plan for the future and have avoided many of the difficult decisions that may require trade-offs between the needs of different groups, or between different sets of services in the long-term. It is not clear that the directors board, as currently configured, is best positioned to play this role from now; and

- ii. As noted in paragraph 8d, the Council's senior team does not have a strong track record in the delivery and oversight of major corporate projects. It is vital that Thurrock Council's most senior leadership group have these skills in the years to come.



## Appendix 3: Letter of appointment



### Department for Levelling Up, Housing & Communities

Gavin Jones  
Chief Executive  
Essex County Council

**Max Soule**  
*Deputy Director, Local Government  
Stewardship*

**Department for Levelling up, Housing  
and Communities**  
Fry Building, 2 Marsham Street  
London SW1P 4DF

[www.gov.uk/dluhc](http://www.gov.uk/dluhc)

*By email*

2 September 2022

Dear Gavin,

I am writing to inform you that the Secretary of State for Levelling Up, Housing and Communities has nominated Essex County Council as Commissioner for the purposes of the Directions he has made today under section 15(5) and (6) of the Local Government Act 1999 ("the Act") in relation to Thurrock Council, and has also in exercise of his powers under section 10 of the same Act appointed Essex County Council as a person to carry out an inspection of the compliance of the same Authority with the requirements of Part 1 of that Act.

In issuing the Directions and making this appointment, the Secretary of State has had regard to the scale of the financial and commercial risks potentially facing Thurrock Council. These are compounded by that Authority's approach to financial management and the seriousness of the allegations that have been made by third parties about the processes that have been applied to the operation of that Authority's commercial strategy; and the failure of that Authority to provide assurance to Ministers and the Department on the adequacy of the actions that they are taking to address the issues, taking account of the scale and pace of the response required.

Turning first to the appointment as Commissioner, I enclose the formal nomination document. Your Authority is nominated as Commissioner for the period from 2 September 2022 to 1 September 2025. As Commissioner, the Authority will have the roles and responsibilities set out in the Directions, a copy of which I enclose along with a copy of an Explanatory Memorandum. Under the Directions, your Authority is accountable to the Secretary of State in that the Authority has been nominated by him and can have the nomination withdrawn by him. I have also enclosed terms of engagement that you will need to acknowledge and return.

Your Authority will be entitled to a fee for each day you act as Commissioner. It will also be entitled to reasonable expenses. Under the terms of the Directions, it is Thurrock Council's responsibility to meet these costs. The Secretary of State set the fee for a Commissioner at £1,100 per day, and your Authority will be paid the equivalent up to a maximum of 150 days per annum for each year. These limits should not be exceeded without prior approval of the Secretary of State. However, in light of the Commissioner role being given to the Council as an individual entity, rather than to a person acting as an individual, the Secretary of State appreciates that a different

approach may be required and is committed to keeping this under review. The guiding principle is ensuring value for the taxpayer and transparency. As to reasonable expenses, we would expect these to be in accordance with the rules for senior officers set out in the Council staff handbook.

The Secretary of State has asked for regular progress reports in relation to your Authority's role as Commissioner, on a six-monthly basis or at such other times as your Authority and he might agree, with the first report expected as soon as is practical and within the next three months.

Your Authority's appointment as Commissioner has the status of an office holder and not of an employee. Nothing in this letter shall be construed as, or taken to create, a contract of service or contract for services between your Authority and the Department for Levelling Up, Housing and Communities (DLUHC), the Crown, or Thurrock Council.

Turning now to your Authority's appointment as a Best Value inspector, the Secretary of State, in exercise of his powers under section 10 of the Act hereby appoints your Authority as the person to carry out an inspection of the compliance of the Authority known as Thurrock Council with the requirements of Part 1 of the Act in relation to that Authority's functions in respect of governance, audit (internal and external), risk management, overview and scrutiny functions of that Authority, and their impact on service delivery. This is in order to assess the extent of the failure of that Authority to comply with the Best Value duty, beyond the management of financial resources, and to make recommendations to mitigate the risk to service delivery that any further failure may have.

The Secretary of State also, in exercise of his powers under section 10(4)(b) of the Act, has given the following directions to your Authority in relation to it undertaking the inspection.

First, in undertaking the inspection in relation to Thurrock Council's functions specified above, and without prejudice to the scope of this inspection, you are directed to consider, in the exercise of those specified functions, whether that Authority has effective arrangements in place for securing Best Value in its governance, audit (internal and external), risk management, overview and scrutiny functions and their impact on service delivery.

Second, your Authority is directed to report the findings of the inspection to the Secretary of State by 3 January 2023, or such later date as the inspector may agree with the Secretary of State.

The Secretary of State may, following receipt of your Authority's report, or otherwise, issue further directions to Thurrock Council.

Section 12 of the Act provides that the Authority to be inspected must pay your Authority reasonable fees for carrying out the inspection. You will want to ensure transparency around those reasonable fees and take steps to ensure value for money for the taxpayers of Thurrock.

You will want to consider whether the way in which any activities or responsibilities of your Authority are delivered need to be reviewed to ensure that no conflicts of interest arise, and that appropriate delegations or arrangements are in place in relation to the exercise of the additional powers that your Authority now possesses following the

appointment as a Commissioner and Best Value Inspector and in light of the Directions issued under the Act. I envisage that you will work with Thurrock Council and provide an update to me on this work as soon as is practicable.

In addition to the administrative support you will be provided by Thurrock Council, the Department will make arrangements for further support from the civil service, and the Secretary of State may appoint assistant inspectors at your request.

I would like to take this opportunity to thank your Authority for assisting in this intervention. We are very grateful for your commitment to taking up this challenge to improve the performance of Thurrock Council so that it effectively serves and protects the people of the area.

Yours Sincerely,

Max Soule  
Deputy Director, Local Government Stewardship



## Appendix 4: Case studies

We have included case studies here to illustrate some of our concerns about how the Council has operated in terms of poor decision-making.

### Case study 1: The ‘decision’ to pause making further investments in or about summer 2020.

It is generally agreed among the people we spoke to that in 2020 Thurrock Council decided not to make any further investments - effectively to press ‘pause’ on the investment programme. When we spoke to officers and members we were regularly informed that there was a pause, and this is reflected in several council documents.

In July 2020, there was an extraordinary council meeting, requisitioned by the opposition following reports about investments in the Financial Times. We have read the minutes of this meeting and listened to the recording of the meeting. Nowhere can we find any reference in the meeting to the question of pausing the investment strategy.

On 16 September 2020 cabinet received a MTFs and budget update whose recommendation was to comment on the budget reports. The report to the cabinet seems to consider that there has been a decision to pause:

**“The MTFs also reflects a pause to elements of the Capital Strategy approach (our emphasis). That equates to £11.973m of the total movement across the four years. Note that existing investments have continued to perform as anticipated (despite Covid-19), and have helped deliver services above the statutory minimum for residents of the borough since 2017. Some of the reasons behind the pause relate to new investment market opportunities reducing, along with the commitment to develop an enhanced scrutiny arrangement for members. The pause also encompasses the pause of providing Thurrock Regeneration Limited more funding to develop new schemes whilst a review is completed of best delivery models.”**

The cabinet’s decision was minuted as:

**“RESOLVED: That cabinet:**

#### **1. Commented on the MTFs and the forecast outturn position for 2020/21.**

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

This is not a decision of any kind, still less a decision to pause the investment programme.

We have had to conclude that there was no formal decision to pause the investment programme until the budget council meeting in February 2021.

Yet the consensus is that there was a decision to pause taken in summer 2020. We have concluded that this can only have been an informal non-binding decision.

We do not know where the informal 'decision' was taken or when or who by, yet this 'decision' finds its way into a formal update report to September cabinet.

## **Case study 2: February 2020 Capital Strategy**

In most authorities the treasury management strategy is a routine document. In Thurrock Council the treasury management strategy has been the document which authorised and sought to control the investments.

The treasury management policy presented to councillors was an annex to an appendix to a report.

The controls in the policy at Thurrock Council are highly unusual. Investments approved by the section 151 Officer are not subject to any maximum level of investment except a requirement for the limit to be 'reviewed for each case'.

This effectively gave the section 151 Officer unlimited authority to invest in anything he felt fit. This contrasted with (just for example) an overall limit of £30m in housing associations and £40m in money market funds.

The report suggested that multiple short-term borrowing 'enables the Council to reduce borrowing costs' [which is true] and 'hence the overall treasury management risk' which is obviously not true, as funding long term commitments with short term borrowing, particularly at this level, makes the council vulnerable to its sources of funding drying up, as happened in July 2022.

In February 2020 the Council adopted a new treasury management strategy which authorised further investment of £250m in 2020/21 and further investments in future years. The capital strategy said that 'the Council also plans to incur £250m of capital expenditure on investments, which are detailed later in this report'. No details about capital expenditure on investments was provided in that report. There is a table showing that at this time the Council anticipated having £794m in capital investments by 31 March 2020, forecast to increase to £1.544bn by 31 March 2023.

The recommendations in the report were:

### **"Recommendation(s)**

#### **That the Council:**

- 1.1 Approves the Capital Strategy for 2020/21 including approval of the Annual Minimum Revenue Provision (MRP) statement; and**
- 1.2 Approve the adoption of the Prudential Indicators as set out in Appendix 1."**

Officers told us that members were fully aware of the scale of the investment programme and the risks involved. But many members do not seem to have been aware of this and nothing in the papers put before the Council or the cabinet would do very much to bring the scale of the proposed investments to their attention.

It could be said that members should have asked for more information given that they appear to have been well aware of the existence of the investment strategy and that it was said to be helping them balance their budget. But members should have been provided with clear information about the size and risks of the investment programme without having to ask.

### **Case study 3: Appointment of Director of Childrens Services in June 2019**

On 19 June 2019 the Council considered a report about appointing an officer as the Director of Childrens Services. It was proposed to appoint Mr Harris to this post. He was already the Director of Adult Social Services.

In fact there were two reports before the Council on this subject, an original report included in the summons for the meeting and a second late report which presumably superseded the original report. It is not uncommon for local authorities to send round late reports. However, the minutes are not clear about what was put to the vote.

It appears logical that council voted on the recommendation in the replacement report which was:

“To approve in accordance with the Council’s Constitution the appointment of Roger Harris as interim Director of Children’s Services for six months pending the presentation of a report to General Services Committee to consider options for the future of this role.”

The minutes record that more people voted against (25) the motion than for it (16). The clear legal and factual position is therefore that the motion was lost and no resolution had been passed. This was inaccurately minuted as:

“RESOLVED:

Members did not approve in accordance with the Council’s Constitution the appointment of Roger Harris as interim Director of Children’s Services for six months pending the presentation of a report to General Services Committee to consider options for the future of this role.”

It is inaccurate because members never voted on that proposition and no resolution was passed. This may appear a small point, but it illustrates the inaccurate recording of decisions and levels of confusion that exists within the Council’s governance processes.

## Case study 4: Report relating to development of the Culver Centre site, South Ockendon, January 2022

The Council had been considering proposals for Thurrock Regeneration Limited to develop the Culver Centre site. A report was due to be considered by the cabinet on 12 January 2022. The report was 'pre-scrutinised' by the Housing Scrutiny Committee on 11 January 2022, the day before the meeting. The outcome of the Scrutiny committee was minuted as:

"The Chair proposed that a new recommendation be put forward as she did not agree with recommendation 1.2. The Committee agreed and supported this. Officers would work with the Chair to agree the wording to reflect the Committee's disagreement with recommendation 1.2 which would be put forward to cabinet at its meeting the next day. The wording would also be shared with scrutiny committee members."

However, the actual minutes of the decision do not align with this. The minutes of the decision are:

### **"RESOLVED:**

- 1.1 That the Committee commented on the proposal that Thurrock Regeneration Ltd develop the Culver Centre and Field, South Ockendon site in accordance with the consented planning application.**

### **UNRESOLVED(sic):**

- 1.2 That the Committee noted that authority will be delegated to the Corporate Director of Resources and Place Delivery, in consultation with the Portfolio Holder for Finance, to agree the transfer value of the land, final funding to TRL, and to enter into legal agreements including appropriation of land, as required to enable this development, subject to the financial parameters as set out in the report."**

Following the meeting, the wording for the recommendation to cabinet was agreed by the Chair as:

"At their meeting on 11th February 2020, Housing Overview and Scrutiny received information that decisions on the disposal of land would be referred to Full Council. Based on this previous information, the Committee does not wish to support the delegation to the Corporate Director of Resources and Place Delivery, in consultation with the Portfolio Holder for Finance, and the Portfolio Holder for Regeneration to agree the transfer value of the land, final funding to TRL, and to enter into legal agreements including appropriation of land, as required to enable this development, subject to the financial parameters as set out in the report.

Housing Overview and Scrutiny Committee requests cabinet to take the decisions in full cabinet and to refer the matter to Council."

It is clear from the minutes that the scrutiny committee were unhappy with the proposal to delegate the decision. It is not clear what 'unresolved' means in the context of local authority decision-making.

On 12 January 2022 the cabinet considered a report on the same topic. The minutes don't refer to the comments from the scrutiny committee. We watched the recording of the meeting. The Scrutiny Committee Chair wasn't present at the meeting – we understand they were attending another council meeting that evening. At the meeting the Monitoring Officer offered to read out a statement from the scrutiny committee but this was not permitted by the Chairman. The recommendations in the original report were approved by the cabinet.

Cabinet should not have taken the decision without considering the statement from the scrutiny committee and they should have been advised that this was not appropriate.

Given that the Committee's recommendations were not considered by the cabinet, an attempt was made to 'call-in' the decision.

It is understood that the former Chief Executive disallowed the call-in because the decision had been pre-scrutinised, even though the comments made by Scrutiny were not presented to the cabinet and therefore could not have been considered.



## Appendix 5: Interview schedule

We are grateful to the following members, officers and wider stakeholders for giving their time and inputting into this inspection.

### **Thurrock Council members (including former members)**

Cllr Cathy Kent, Former Chair, Audit and Standards Committee  
Cllr Elizabeth Rigby, Chair of Audit & Standards Committee  
Cllr Graham Snell, Cabinet Member for Finance  
Cllr Jack Duffin, Former Cabinet Member for Finance  
Cllr Jane Potheary, Former Leader of the Opposition  
Cllr John Kent, Leader of the Opposition  
Cllr Mark Coxshall, Acting Leader  
Former Cllr Oliver Gerrish, Former Leader of the Opposition  
Cllr Rob Gledhill, Former Leader  
Cllr Shane Hebb, Former Cabinet Member for Finance  
Cllr Shane Ralph, Chair, Health Overview and Scrutiny Committee  
Cllr Susan Little, Former Chair of Corporate Overview and Scrutiny Committee  
Cllr Tony Fish, Former Chair, Audit and Standards Committee  
Scrutiny Committee Chairs and Vice Chairs who participated in our workshop discussions  
Scrutiny Committee members who participated in our workshop discussions

### **Thurrock Council officers (including former officers)**

Andy Millard, Director, Ederra Consultancy and Former Director of Place, Thurrock Council  
Andy Owen, Corporate Risk and Assurance Manager  
Anna Eastgate, Corporate Director for Place Services, Dorset Council and Former Assistant Director, Transport Infrastructure, Thurrock Council  
Brian Priestley, Regeneration Programme Manager  
Chris Buckley, Treasury Management Officer (retired)  
Dan Kirk, Managing Director, Toucan Energy  
David Kleinberg, Former Counter Fraud and Investigation Lead  
David Lawson, Former Monitoring Officer and Head of Legal Services  
Democratic Services Officers who participated in our workshop discussions  
Ewelina Sorbjan, Interim Director, Housing  
Contact Centre Staff who took part in our focus group discussion  
Gary Clifford, Head of Internal Audit  
Gary Staples, Assistant Director, Transformation  
HR Business Partners who participated in group discussions  
Helen McCabe, Company Secretary, Thurrock Regeneration Ltd  
Henry Kennedy-Skipton, Former Strategic Lead for Regeneration  
Ian Hunt, Former Monitoring Officer and Assistant Director  
Ian Wake, Acting Chief Executive  
Jackie Hinchliffe, Director of Human Resources, Organisational Development and Transformation  
Jessica Nwoko, Corporate Procurement Lead

Jo Broadbent, Director of Public Health  
Jonathan Wilson, Acting section 151 Officer  
Julie Rogers, Director of Public Realm  
Karen Wheeler, Director of Strategy, Engagement and Growth  
Kerry Thomas, Chief Executive's Business Manager  
Kevin Munnely, Assistant Director, Regeneration  
Luke Tyson, Delivery and Strategy Manager  
Lyn Carpenter, Former Chief Executive  
Mark Bowen, Interim Head of Legal  
Mark Bradbury, Interim Director of Place  
Mark Stokes, IS Business Partner (former Strategic Lead for Transformation)  
Matt Boulter, Former Interim Monitoring Officer and Current Head of Democratic Services  
Michael Dineen, Counterfraud and Investigation Lead  
Rebecca Ellsmore, Head of Development, Ebbsfleet Development Corporation and former Strategic Lead for Regeneration, Thurrock Council  
Roger Harris, Former Director of Adult Social Services  
Sarah Welton, Strategy Manager  
Sean Clark, former section 151 Officer  
Sharon Bayliss, Director of Programme Implementation, ASELA, and former Commercial Director, Thurrock Council  
Sheila Murphy, Corporate Director of Children's Services  
Tim Hallam, former Interim Monitoring Officer

We also received a further 77 responses to a questionnaire issued to all Thurrock Council employees.

#### **External advisers or auditors to Thurrock Council**

Bob Swarup, Principal, Camdor Global Advisers Limited  
Debbie Hanson, Partner, Ernst & Young LLP  
Matthew Pickering, Managing Director, Arlingclose Limited  
Rachel Brittain, Director, BDO LLP

#### **Partners and local stakeholders**

Adam Bryan, Chief Executive, South East Local Enterprise Partnership  
Andy Lewis, Chief Executive, Southend-on-Sea City Council  
Cllr Chris Hossack, Leader of Brentwood Borough Council  
Helen Dyer, Capital Programme Manager, South East Local Enterprise Partnership  
Jonathan Stephenson, Chief Executive, Brentwood and Rochford Councils  
Kate Willard OBE, Chair of the Thames Estuary Growth Board  
Lorna Norris, Senior Finance Business Partner, Essex County Council  
Martin Whitely, Chief Executive, Thames Freeport  
Neil Woodbridge, Chief Executive, Thurrock Lifestyle Solutions CIC  
Scott Logan, Chief Executive, Basildon Borough Council

## **MPs**

Jackie Doyle-Price, MP  
Stephen Metcalfe, MP

## **Others**

Gareth Davies, Bureau of Investigative Journalism  
Joanna Merck, GMB  
Peter Sansom, Unison  
Tony Davis, Unite  
Elizabeth Smith, Department for Transport  
Robert Fox, Department for Transport

We also received a written statement from Mr Alan Leyin.

This information is issued by:  
Essex County Council

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**Essex\_CC**



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The information contained in this document  
can be translated, and/or made available in  
alternative formats, on request.

**Questions from Members to the Leader, Cabinet Members, Chairs of Committees or Members appointed to represent the Council on a Joint Committee in accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.**

There were 5 questions to the Leader and 11 questions to Cabinet Members, Committee Chairs and Member appointed to represent the Council on a Joint Committee.

**1. From Councillor Byrne to Councillor Jefferies**

Residents are demanding a full police investigation into Thurrock's financial affairs. Would the administration support the residents and call in the Police / fraud squad?

**2. From Councillor Worrall to Councillor Jefferies**

As the new Leader of Thurrock Council. What does openness and transparency mean to you?

**3. From Councillor J Maney to Councillor Jefferies**

I understand that the previous Leader of the council wrote personally to Transport for London and expressed this Council's opposition to the London Mayor's planned ULEZ extension. Should this go ahead later this summer it will have a devastating impact on many residents in Aveley. Will the Leader also make strong representations to TfL and impress this administration's ongoing objection to the said extension?

**4. From Councillor J Maney to Councillor Jefferies**

What steps does the leader believe the council should now take in order to ensure that the findings of the Best Value Inspection report shape lasting good practice at Thurrock Council?

**5. From Councillor J Kent to Councillor Jefferies**

Can the Leader of the Council confirm the overspend on widening the A13 is between £64 and £68 million?

**QUESTIONS FROM MEMBERS TO CABINET MEMBERS, COMMITTEE CHAIRS AND MEMBERS APPOINTED TO REPRESENT THE COUNCIL ON A JOINT COMMITTEE**

**1. From Councillor Byrne to Councillor Jefferies**

Is it all about money that prevents us from delivering a three bin soon to be a four-bin weekly collection service?

**2. From Councillor Pearce to Councillor Carter**

Work on the new school site in Love Lane, Aveley, has come to a halt as a result of the developer going into administration we are told, please would the Portfolio Holder for Education provide an update on this situation and advise whether works are likely to resume in the near future.

**3. From Councillor Pearce to Councillor Coxshall**

Environmental Extremists are once again hitting the headlines having disrupted a number of national events, including The Chelsea Flower Show of all things, given that Thurrock has previously suffered at the hands of such Extremists, will the Portfolio Holder for Public Protection assure the Chamber that Police and Council will be prepared as possible when it comes to dealing with any future disruption in the borough.

**4. From Councillor Redsell to Councillor Jefferies**

The Leader will recall that a number of serious fires occurred at Hangman's Wood in Woodside last summer, putting nearby residential properties at risk. Would the Portfolio Holder please reinstate his commitment to ensure that grass at Hangman's Wood is cut short well before it becomes tall and subsequently dries in the summer heat, that the paths/firebreaks are maintained and do not become overgrown, also that should the need arise, the emergency services will have unencumbered access to the site.

**5. From Councillor Redsell to Councillor Coxshall**

With the lighter evenings now upon us and residents spending more time outside, or with windows open, will the Portfolio Holder for Community Safety assure the chamber that Police operations aimed at tackling nuisance off road motorbikes will continue?

**6. From Councillor Ononaji to Councillor Coxshall**

Chafford Hundred has recently been inundated with high level of anti-social behaviours, particularly in the Train Station areas. The residents are highly concerned with the impact this is having on their safety, wellbeing, and businesses in their community. Could the Portfolio Holder, kindly tell this chamber and the residents of Chafford, what the Council can do to help eradicate this ugly situation in Chafford?

**7. From Councillor P Arnold to Councillor B Maney**

Would the Portfolio Holder for Regeneration and Highways comment on suggestions that School Crossing Patrol officers could be withdrawn?

**8. From Councillor Worrall to Councillor Jefferies**

Can the Cabinet Member for Environment explain to members why the green spaces including grass verges across Thurrock are being left uncut for longer periods this year?

**9. From Councillor J Kent to Councillor Carter**

Will the Portfolio Holder set out his priorities for the municipal year?

**10. From Councillor J Kent to Councillor B Maney**

Will the Portfolio Holder agree to consultation on introducing residents parking in the Richmond Road area of Grays?

**11. From Councillor Fish to Councillor Johnson**

Can the Portfolio Holder tell me when the window replacement scheme for the high-rise flats in South Grays will be completed?

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This report lists all motions from the previous twelve months which still have updates forthcoming. All Motions which have been resolved or the actions from officers have been completed are removed.

Date	From	Motion	Status	Director
21 September 2022	Cllr Carter	The Council calls for the building operationally known as C03 to be renamed as the Town Hall and to be referred to as such in all communications.	A design for new signs for the building is being discussed with planning officers as planning consent will be required. A programme for securing consent and erecting signs will be shared with members in due course. An application to the Royal Mail for a new postcode has been made.	Mark Bradbury
25 January 2023	Cllr Jefferies	This Council condemns plans by the London Labour Mayor to extend the Ultra-Low Emission Zone to all Greater London and notes with concern the impact this would have on many Thurrock residents if implemented. Members also note the campaign by our Member of Parliament Jackie Doyle-Price to oppose the said extension and calls on Thurrock residents to sign her on-line petition.	<p>Thurrock Council has recently written to the Mayor of London stating that the authority has not been suitably engaged in the ULEZ consultation and therefore has not had the opportunity to work with the Mayor of London's office to devise strategies to mitigate negative impacts of ULEZ proposals. In view of the lack of engagement and in the absence of a response to our consultation submission, the council has no option but to state its objection to the current ULEZ proposals that will impact our road network and users.</p> <p>Nevertheless, the Council has highlighted that it would welcome an opportunity to discuss concerns in more detail.</p>	Mark Bradbury

25 January 2023	Cllr Massey	Members may be aware that National Highways have recently submitted, and had approved, their Development Consent Order for the Lower Thames Crossing scheme, to move forward to the next stage in the Planning Inspectorate process. The LTC Task Force seeks assurances that the Council is committed to opposing the scheme as currently presented and promote this message through Council communications channels	Officers have been in negotiations with National Highways regarding their contribution towards the cost incurred by Thurrock in submitting representations and engaging with the Examination process. This is to ensure as little of the cost as possible is borne by Thurrock residents.	Mark Bradbury
25 January 2023	Cllr J Kent	Thurrock Council resolves to use the Local Plan process to support the retention of Speedway in Thurrock and identify a new home for Grays Athletic, in the Grays area.	The Council will support proposals for the retention of Speedway in Thurrock and the development of a new home for Grays Athletic through the Local Plan process where it can be demonstrated that the uses are viable and appropriate for the sites proposed.	Mark Bradbury

## **Motions Submitted to Council**

**In accordance with Chapter 2, Part 2 (Rule 15) of the Council's Constitution**

### **Motion 1**

**Submitted by Councillor J Kent**

Council recognises the refuse service has failed the residents of Thurrock for too long and calls on Cabinet to ensure the regular collection of all three bins.

### **Monitoring Officer Comments:**

Rule 15.2 of the Council Procedure and Rules states that a notice of motion must relate to a matter which affects the authority or the authority's area and must relate to a matter in respect of which the authority has a relevant function. The refuse service is a matter of which the Council has a relevant function. Decisions around this service area are an executive function for the Council's Cabinet to make taking into account all relevant considerations.

### **Section 151 Officer Comments:**

The financial implications of decisions on the collection of waste will attach to specific proposals brought forward for consideration by members. These will be set out as part of the relevant committee reports as required.

### **Is the above motion within the remit of Council to approve?**

Yes

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## **Motions Submitted to Council**

**In accordance with Chapter 2, Part 2 (Rule 15) of the Council's Constitution**

### **Motion 2**

#### **Submitted by Councillor Speight**

Residents get nine, or at best ten, opportunities a year to see their council in full action. Far too often vital matters are not discussed because of the guillotine regulations which foreshorten debate and discussion. This has led, in the past, to political filibustering and spurious questions to ensure that matters are not discussed in public because of the time limitation.

This is not democracy in action. For full meetings only, councillors and officers should be expected to give whatever time is necessary to discuss matters. This motion does not seek to remove the limits of time individual councillors get to speak, but to remove the guillotine on separate sections of the meeting; henceforth this council calls on cabinet and/or the constitution working group to review the constitution as a matter of urgency and subsequently allow monthly full council meetings to run their full length without the need to invoke standing orders for an extension.

#### **Monitoring Officer Comments:**

Rule 15.2 of the Council Procedure and Rules states that a notice of motion must relate to a matter which affects the authority or the authority's area and must relate to a matter in respect of which the authority has a relevant function. The motion relates to the Council constitution and procedures rules.

#### **Section 151 Officer Comments:**

There are no specific financial implications arising from the motion.

#### **Is the above motion within the remit of Council to approve?**

Yes

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## **Motions Submitted to Council**

**In accordance with Chapter 2, Part 2 (Rule 15) of the Council's Constitution**

### **Motion 3**

#### **Submitted by Councillor J Kent**

Council welcomes the release of the Best Value Inspection report, endorses its recommendations, and resolves to move to all out elections from May 2024.

#### **Monitoring Officer Comments:**

The Best Value inspection report recommends that the Council change its scheme of elections, from electing its members in thirds, to "all-out" elections, where all members are elected at the same time. The report recommends that if the Council does not make this change by 31 July, that the Secretary of State should consider making an Order under Section 86 of the Local Government Act 2000 to secure this.

The Secretary of State has concluded that he wishes to seek representations on using his powers under Section 86 of the 2000 Act, to bring about a move to whole council elections from May 2025. The Secretary of State has indicated that the May 2024 elections of one third of members will go ahead as planned, to ensure residents have the opportunity to have their say.

Further the Secretary of State has indicated that it is important that the Council can express its view on this proposal before a final decision is made. The Secretary of State has written to the Leader of the Council and Commissioners to notify them of his proposals, and representations should be received, from the Council or any other interested party by 29 June.

#### **Section 151 Officer Comments:**

The motion has no direct financial implications as it alludes to a Council process. The Council has developed and is implementing an improvement and recovery plan which addresses most of the findings of the BVI report. This will continue to evolve in light of the findings of the report and will extend the wide-ranging actions which are already agreed with Commissioners and are progressing to ensure the Council addresses all the concerns that have been highlighted to date. There are specific financial implications attached to the delivery of the improvement and recovery plan which will be considered by members alongside wider decisions that enable the improvements required to be delivered.

The move to all out elections does carry specific financial implications which will be assessed in due course. It is expected the cost will be managed from within the existing funding available that supports the current election cycle.

#### **Is the above motion within the remit of Council to approve?**

Yes

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