

Minutes of the Meeting of the Extraordinary Council held on 8 July 2020 at 7.00 pm

Present: Councillors Terry Piccolo (Mayor), Sue Shinnick (Deputy Mayor), Qaisar Abbas, Abbie Akinbohun, John Allen, Alex Anderson, Chris Baker, Gary Byrne, Daniel Chukwu, Gary Collins, Mark Coxshall, Jack Duffin, Tony Fish, Mike Fletcher, Oliver Gerrish, Robert Gledhill, James Halden, Shane Hebb, Victoria Holloway, Sue Hooper, Deborah Huelin, Andrew Jefferies, Barry Johnson, Tom Kelly, Cathy Kent, John Kent, Martin Kerin, Angela Lawrence, Susan Little, Ben Maney, Fraser Massey, Allen Mayes, Sara Muldowney, Bukky Okunade, Jane Potheary, David Potter, Shane Ralph, Joycelyn Redsell, Gerard Rice, Elizabeth Rigby, Jennifer Smith, Luke Spillman, David Van Day, Aaron Watkins and Lynn Worrall

Apologies: Councillors Colin Churchman, Garry Hague and Steve Liddiard

In attendance: Lyn Carpenter, Chief Executive
Sean Clark, Director of Finance, Governance and Property
Matthew Boulter, Democratic Services Manager and Deputy Monitoring Officer
Ian Hunt, Assistant Director Law and Governance and Monitoring Officer
Jenny Shade, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting was being streamed on the Council's on-line webcast channel.

141. Declaration of Interests

No interests were declared.

142. Investment Briefing

Councillor Hebb, presented the report that on the 22 May 2020, the Financial Times published a story on Thurrock Council's investments and borrowing position. Whilst the Financial Times asked a number of questions, the council was not given sight of the article or the right to respond before publication and it therefore did not fully reflect the council's investment approach since 2014.

In response to this printed article, the Leader of the Opposition, supported by members of the Labour Group, had called for an Extraordinary Council meeting to "address the issues of concern raised by the Financial Times article".

The investment approach to generating income to protect council services began in 2014 and was supported by the unanimous agreement at Full Council of a new Investment Strategy in October 2017. The implementation of this Strategy had achieved, and continued to achieve, significant income giving the council the ability to protect services for the most vulnerable in the borough, provide time to reform services, provide additional services that are important to residents, and increase the Council's overall financial resilience. This approach had been agreed at Full Council since 2017.

Councillor J Kent thanked the mayor for agreeing to facilitate the Extraordinary Council as it was important that all 49 Members had the opportunity to take part in a debate and to look at the Investment Strategy that was being carried out by the Administration.

Councillor J Kent referred to those investments that Members had learnt from reading the article in the Financial Times and made it clear that he was not against taking advantage of historical low interest rates in order to borrow and invest in returns which may help the Council against impacts of austerity. That was something that Labour did and would agree that this should continue but there had to be some control as there had been a lack of openness and lack of transparency from the start. That the Council Spending Review meeting was an informal meeting and requested that the decisions made at these meetings be made more public.

Although receiving assurances from Cabinet, the draft accounts from last year had shown that the Council had invested a further £113 million with no consultation with opposition leaders, no democratic or public scrutiny on that decision. Members were still waiting to see the proposed options for the democratic oversight of investments and noting that a further £100 million had been invested. Councillor Kent questioned why this had not been reported to Cabinet in June 2020. Councillor J Kent referred to the Council's debt and noted that the Council was borrowing 11 times more than the Council's income and had concerns on whether this was sustainable. That the borrowing or lending to other local bodies had always been as secure as being to tighten due to COVID-19 and the consequences of this could be severe for Thurrock Council. Concerns that 80% of investments were in one sector and it was not clear how these investments were spread against different products within that sector. He proposed that Cabinet in consultation with the Overview and Scrutiny should put a limit on the scale of investments in one product in one sector to ensure the risk was spread. He further noted that the Council was borrowing from one public body to pay back another and at some point this debt would need to be repaid. Councillor J Kent discussed an exit strategy to which either of these options could be considered to re-finance or to cash in those bonds.

Councillor Byrne thanked Councillor Hebb and agreed that the Council's investment and borrowing delivered everything that it should and that it should continue and borrow more as it demonstrated that this worked. Councillor Byrne had more concerns with some of the personnel of the companies the Council was dealing with, more specifically their business practices and activities.

Councillor Massey agreed the investments had brought results into Thurrock and hopefully this would continue to bring more investments into the borough. Councillor Massey echoed those concerns made by Councillor Byrne as to business practices and activities of the investment company but agreed this was for Councillors to put that trust into Officers to make the right decisions.

Councillor Allen questioned where the reductions were coming from to support the £34 million income that had been agreed in the Investment Strategy every year.

Councillor Rice suggested that an Investment Committee be established to scrutinise the decisions being made. This committee should be cross party to ensure there was some accountability, transparency and to hold public meetings with public minutes. This would enable the committee to address issues and would give some confidence back to residents.

Councillor Duffin stated investments had generated £34 million into the borough which was a good thing and that the opposition always looked for the negative and not be supportive. Councillor Duffin also stated that other local authorities would question why they were not undertaking the good investments the Thurrock's Section 151 Officer was doing.

Councillor Kerin stated that Thurrock was one of the 10 areas in the country that would find it hard to bounce back from the COVID-19 crisis and was concerned there was a lack of control and plan. Councillor Kerin stated there should be a limit of borrowing, greater spread of investments and an exit plan.

Councillor Halden stated the Council had worked around the COVID-19 crisis and questioned why this report had been requested as the Investment Strategy was working in line with what Members had voted for. Councillor Halden noted that a report would also be presented to the Standards and Audit Committee on the 9 July 2020.

Councillor Holloway asked for confirmation on the following figures as referred to in the report: That £985 in capital investment was this the correct amount invested; that £604 million was in solar energy and a total £702 million in renewable energy was correct and requested how many investment options Councillor Hebb had requested to see before signing off and how regularly did Councillor Hebb view investment options before signing them off.

Councillor Worrall questioned whether Councillor Hebb would now continue with the borrowing and investment strategy and questioned how much money was too much and when this would stop and what was the plan to pay back the money.

At 7.38pm, Councillor Halden called Point of Order, requesting some clarity that Councillor Worrall would be happy to attend closed meetings that were already offered and confirm that Councillor Worrall had already voted for the £2 billion.

Councillor Little stated the Investment Strategy had provided investments to make sure that Thurrock residents had services they needed. Councillor Little's only fear of tonight's debate was that some other local authority would come along and would poach the Section 151 Officer.

At 7.44pm, Councillor Byrne, called a Point of Order, as he had concerns on the social distance measures and left the chamber and would join the meeting via MST.

Councillor Spillman stated he had expected more from this extraordinary meeting from the opposition and that it was a shambles that the Labour Party undermined Council Officers. That senior Members had agreed to the scheme which had made £30 million. That it was vital that those Members turned up to meetings, read the papers and knew what they were voting for as this was residents' welfare being discussed.

Councillor Gledhill stated that it appeared that call for this evening's Extraordinary Council was to try and set up a committee in relation to the Investment Strategy. Councillor Gledhill referred Members to page 13 of the minutes of the Council papers where he had stated the democratic oversight was being addressed and for Members to ask the appropriate questions at overview and scrutiny committees. That he had some nervousness on the investment committee and stated that 82% of the debt was short term and would be paid back within a couple of years. With £12 million interest being paid to other authorities this would help with their services and would provide benefits to their residents. That the democratic oversight had not been addressed as the Council had been dealing with a pandemic. Councillor Gledhill referred to the work being undertaken on fuel poverty for cheaper electricity to be brought into the borough but with the Extraordinary Council being called had meant those plans had now been put on hold.

Councillor Watkins as Portfolio Holder for Environment stated that the Investment Strategy had enabled investments to be made into the borough to keep it green and tidy and was proud of that. Councillor Watkins was proud of the successes made from this Investment Strategy and work delivered by the Section 151 Officer to delivery those services to Thurrock residents. That Members had the opportunity to engage on the Investment Strategy but stated at this time Members should be concentrating on COVID-19 recovery.

Councillor Maney stated this Extraordinary Council had demonstrated that scrutiny could not be undertaken by all 49 Members that was why overview and scrutiny processes was in place. Councillor Maney questioned what the Corporate Overview and Scrutiny Committee were doing if they were not scrutinising the Investment Strategy. The committee could meet as many times as it liked, it could create a sub-committee to look at just the Investment Strategy and could call officers, auditors and the portfolio holder to that meeting.

Councillor Coxshall stated the request for this extraordinary council had been an embarrassment to the Labour Party. That Overview and Scrutiny Committees had been established to scrutinise these reports and if Labour Members had a point to make it could be raised at those committees. That Council Officers had worked tirelessly and was transparent in the work that they undertook.

Councillor Abbas raised his concern on the companies that Thurrock Council had invested in and questioned what factors had been taken into account before doing so.

Councillor Gerrish disagreed with Councillor Duffin's comments and was seeking what the Council could do better. That the key issue was the level of oversight that took place within the investment approach. Councillor Gerrish welcomed the further improvement of democratic oversight. That although the Council was £1 billion in debt it seemed that only a tiny proportion of individual decisions had been reviewed in detail by Members. This level of detail had to be increased on those decisions and that a cross party Investment Committee that could meet monthly to review investment decisions, look at portfolio holder risks and make recommendations would be a good addition to the democratic oversight.

Councillor Hebb responded by stating it was clear from this evening's debate that most of the report was uncontested. The debate had starting on the levels of debt that was owed to public bodies and Thurrock was not the only Council that had benefitted from inter-council borrowing, it was other tax payers and councils who have also benefitted and the Council had earned £34 million last year through this approach. That delegated authority had been given to the Section 151 Officer and the wider team in regards to borrowing limits. That the £110 million was in the accounts and two Council Spending Reviews had been held to discuss this to which there was no Labour party attendance. Members were reminded that quarter comprehensive portfolio holder reports are provided. The COVID borrowing had been about cash flow not an investment and had not formed part of the reasons for this extraordinary council and a report would be presented to the Standard and Audit Committee. There was a wider intention to reduce investments but Members were reminded of the benefits of those investments to allow services to be carried out. Councillor Hebb referred to Rockfire as being more than an individual with a massive corporate structure underneath it. That the Council had earned more than £80 million in that period of time and the report had provided assurances around the security of the assets. Councillor Hebb referred to the mentioned Investment Committee and also believed in increasing the oversight. In response to Councillor Holloway's question the £985 million was the published number and £604 million was a research number and not a published number. Councillor Hebb summed up by stating the Council had to start reacting to COVID and its recovery.

RESOLVED

That Council noted the report.

The meeting finished at 8.14 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**