

Minutes of the Meeting of the Corporate Overview and Scrutiny Committee held on 2 February 2023 at 7.00 pm

Present: Councillors Fraser Massey (Chair), James Thandi (Vice-Chair), Paul Arnold, Adam Carter, Victoria Holloway, and John Kent

Councillor Qaisar Abbas, Portfolio Holder for Culture and Communities

In attendance: Gerard McCleave, Assistant Director Economic Partnerships and Growth
Gareth Moss, Interim Chief Finance Officer
Jonathan Wilson, Acting Director of Finance and S151 Officer
Lucy Tricker, Senior Democratic Services Officer

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

24. Minutes

The minutes of the extraordinary meeting held on 29 November 2022 were approved as a true and correct record.

The minutes of the meeting held on 8 December 2022 were approved as a true and correct record.

25. Items of Urgent Business

No items of urgent business had been received.

The Chair explained that one briefing note regarding the Asset Disposals Review and Strategy Update had been received. Councillor Kent stated that the report to Cabinet in July 2022 had proposed disposing of assets worth up to £100m, including scout huts, community halls and other community assets. He asked what the current approach was for disposal, in the context of the Council's financial crisis, and how these disposals would be recorded. He asked that any future proposed disposals be presented to the relevant overview and scrutiny meeting. The Chair explained that these questions and comments would be sent to the Director for a response.

26. Declaration of Interests

There were no interests declared.

27. Draft General Fund Budget 2023/24 and Medium Term Financial Strategy Update

The Acting Director of Finance introduced the report and stated it usually gave Councillors a firm indication of the proposed budget, but highlighted that this report only gave a budgetary indication for this point in time, due to the impact of the S114 notice and the request to government for exceptional financial support (EFS). He stated that the budget position of the Council was still fluctuating and would need reassessment during the 2023/24 financial year. He highlighted appendix 1 of the report, which outlined the Medium-Term Financial Strategy (MTFS) and the request to government for EFS, which had reduced from £184m to £182.5m following further assessment. He explained that the MTFS brought together all elements of the Council's budget, for example council tax income, inflation, and levels of growth. He added that the Council could be affected by rising costs and inflation, including the rising cost of energy, and growth pressures in Adults and Children's Social Care. The Acting Director of Finance clarified that £160m of the Council's deficit stemmed from issues regarding the Minimum Revenue Position (MRP) and investments, but £20m was an operational deficit, which did not include £8m of departmental savings already made. He stated that he would be producing an S25 statement regarding the robustness of the budget and reserves, however the budget remained flexible as the government had not given an indication regarding the level of support they would provide, or the possibility of raising council tax above referendum limits. He confirmed that the proposal of raising council tax above referendum limits had not been included in the budget, as a final position on this had not been decided.

The Acting Director of Finance explained that the committee were being asked to comment on the budget, whilst considering the context of the reliance on government for EFS. He stated that the S25 statement would not be issuable without government intervention and conversations were still ongoing. He added that although the budget was currently not certain, he hoped for a response regarding the levels of council tax, and how this could affect the level of EFS granted, and this would be presented to the appropriate committees when ready.

The Acting Director of Finance highlighted section 3 of the report, which set out his assurances for the budget and the context of the financial situation. He added that separate reports on the Treasury Management and Capital Strategies were also included on the agenda for the meeting, and these would discuss the Council's debt in more detail. He added that the Council were working to divest investments, which would reduce the MRP charge, and could be critical to the future financial sustainability of the Council. The Acting Director of Finance clarified that Thurrock would be unable to resolve its financial issues without support from central government, but selling investments would help to reduce the need for EFS, and this was understood by central government. He stated that the 2023/24 budget could only be delivered with EFS, and the S25 statement would confirm this, whilst examining the budget, reserves, and savings proposals. He described how the Council had to make tough decisions to deliver savings, and these would be subject to Cabinet approval. The Acting Director of Finance highlighted that some savings within the Council had already been made and this had

helped prove the Council were taking decisive actions. He added that all savings proposals were now accompanied by a delivery risk assessment, which was led by the corporate transformation team alongside commissioners. He added that work continued to identify further savings, and these would be outlined in the in-year budget.

The Acting Director of Finance moved on and explained that the Council would be maintaining a level of general fund reserves, which would help allow for operational delivery. He added that transforming the Council would need resources to support delivery and reserves could help with these short-term capacity needs. He added that these needs would be identified through the Best Value Inspection (BVI) and with commissioners. He felt hopeful that all directives from the government had now been released, but as only interim findings had been issued, more directives could still be given. He confirmed that the BVI report was expected in late February, and would be presented to the appropriate bodies and committees. He added that the budget also included monies to help deliver transformation and fund the intervention. He highlighted the commissioner statement which commented on the progress of the Council and noted that further actions, for example a full review of fees and charges, and the pay policy, would be expected. The Acting Director of Finance explained that the government's directives had referenced the MTFS and Treasury Management Strategy, and he felt that the new Treasury Management Strategy was compliant with this directive. He added that work would be ongoing with this strategy, and this would be outlined in future reports.

The Acting Director of Finance detailed the council tax comparators listed in the report, as this showed that Thurrock was on the lower end of the council tax scale, and would remain there unless there was a change. He added that there was risk in the overall budget as there were lots of moving parts, such as the delivery of savings, inflation, the divestment of investments, and interest rates on borrowing. He added that officers were working to take actions on these risks, and would work to ensure transformation through Spend Panel monitoring and other processes.

The Chair queried why the request for EFS had reduced from £184m to £182.5m. The Acting Director of Finance explained that the budget was created based on assumptions at a point in time, and the outline of savings made last year had changed. He explained that savings now went through a more rigorous and robust assessment process, which meant additional savings could be made and the level of EFS requested could be reduced. He added that there were still wider savings to be made, which would go through the assessment process, and this could affect the level of income and financial settlement from the government. He added that there was currently movement in all areas of the budget, for example there had recently been a pay award in line with NJC recommendations.

Councillor Holloway highlighted that Cabinet had already identified and signed-off on savings in different service areas. She asked if more detail could be provided on these savings, as the report presented to committee was

broad and lacked some detail. The Acting Director of Finance explained that the savings proposals would go to Cabinet for approval, and these would also be brought to the relevant scrutiny committees. He stated that this budget had been presented in short timescales, but as the process moved on, there would be more time to assess savings proposals.

Councillor Kent stated that savings targets in previous years had been missed, and asked how targets would not be missed moving forward. He queried how robust the savings process would be. He also highlighted that income generation targets in previous years had been missed, and asked how these would be achieved. The Acting Director of Finance explained that in previous years, savings had sat within directorates. He clarified that now, although savings still sat with directorates, these were managed through a delivery risk assessment process carried out by the corporate transformation team. He stated that their role was to challenge and monitor delivery of savings. He added that the commissioners were also involved in the savings process, who were experienced in this field, and all savings were accompanied by timescales. He added that the finance team were now more involved in directorate savings and budgets, and were made aware of issues earlier, compared to in previous years where the corporate finance team had to deal with issues retrospectively. Councillor Kent echoed Councillor Holloway's concern regarding the lack of detail in the report, and asked to see more detailed information regarding specific directorate savings proposals. He highlighted section 5.4 of the report which outlined the Council's key ambitions. He asked how these had been developed. He also highlighted the short timescales for publication of the Cabinet and Council reports, and asked if these deadlines would be met. The Acting Director of Finance explained that officers had already prepared the Cabinet and Council budget reports, but were waiting on feedback from government before these could be published. He stated that conversations with government were ongoing, although there was no certainty regarding an outcome. He confirmed that the key ambitions had been underpinned by the Improvement and Recovery Plan (IRP), and each ambition was the responsibility of the Senior Responsible Officer, usually the director. He added that the IRP would be presented to all Members once it had been agreed by government and commissioners, along with the BVI report.

The Chair queried the timescales for divesting the Council's investments. The Acting Director of Finance stated that work had already begun to divest some investments, for example the solar asset which was approximately 65% of the Council's portfolio, was currently going through the divestment process. He explained that a team had been assigned to enable the sale, and work was ongoing to clarify ownership. He stated that the solar asset was critical to divest and release funds due to the size of the asset. Councillor Kent sought clarity that Thurrock Council were the only creditor of the solar asset. The Acting Director of Finance confirmed that there was no indication of other creditors, but the team needed to undergo due diligence and assess the asset.

Councillor Arnold highlighted 5.1 of the report and asked if the S25

statements published in 2018-2022 had been inadequate. The Acting Director of Finance explained that the S25 statements published in this period had been made based on assumptions at the time, for example the MRP and value of investments. He stated that the Council now knew there had been inaccuracies in these budgets, but the S151 officer at the time had been working with different figures. Councillor Arnold highlighted 3.8 of the report and asked if other Councils were also in difficulty regarding their operational budgets. The Acting Director of Finance explained that some unitary Councils were currently concerned with their operational budgets due to increased inflation, interest rates and social care growth. He felt that many Councils were finding it difficult to manage their budgets.

Councillor Kent thanked officers for their hard work during this time, as they were dealing with many moving parts and complicated processes. He queried how the Council would deal with the longer-term financial issues, as problems would continue and worsen after six years of EFS. He also asked how the £20m operational deficit was allowed to grow, as he felt that the investment income had been relied upon and not used as a buffer to reduce this deficit. He felt concerned that not all savings were listed in the report. Councillor Kent also questioned how the Council would be able to transform quickly to be able to meet the key ambitions listed at 5.4 of the report. He felt that although the Council needed to be financially sustainable, residents still needed services to continue so these demands needed to be balanced carefully, particularly if council tax increased. He sought assurance that there was hope for Thurrock Council in future, as he did not feel optimistic. The Acting Director of Finance explained that the Council were responding to directions from the Secretary of State, which stated that the Council must first address its core financial issues. He added that the S114 notice also placed strict rules on the Council regarding financial spending, and the Council had to be compliant with these. He explained that officers did have consideration for residents when making decisions, but needed to work with the government's directives. He explained that officers were currently working on the proposal for the council tax increase above referendum limits, whilst also having conversations about how the impacts from this could be mitigated for vulnerable residents. He added that the IRP would be specific on how the quality of services provided to residents could be improved within the context of the S114 notice and EFS request, and officers would continue to navigate these issues through detailed conversations with Councillors and government.

Councillor Kent highlighted recommendation 11 and felt that even though the budget process would continue to develop in 2023/24, with in-year savings proposals, he asked officers for assurances that any savings proposals would go to the relevant Overview and Scrutiny Committee before decisions were made.

RESOLVED: That the Committee:

1. Commented on the proposed updates to the Medium-Term Financial Strategy including the deficit positions set out in each year.

- 2. Noted the paper assumes a council tax increase of 2.99%, as per paragraph 9.6 but also notes that this is not the final position of the Council, pending further conversations with government.**
 - 3. Supported a 2% Adult Social Care precept increase as per paragraph 9.6 and noted that this will be used to fund increased demand and provider fees within older people care services.**
 - 4. Noted the council tax requirement of £79.421m as per section 8.**
 - 5. Noted the net cost of services requirement is £319.837m as per paragraph 8.1.**
 - 6. Noted the proposed savings as per section 12 and noted these are insufficient to address the funding gap without the need to seek exceptional financial support from government.**
 - 7. Noted that exceptional financial support is required to balance the 2023/24 budget and that discussions with central government are ongoing, as per Appendix 3.**
 - 8. Noted the budget has been set based on the assumption that the request for exceptional financial support in respect of the 2022/23 budget is granted.**
 - 9. Noted a further review of the Capital Programme will be conducted in 2023/24 to ensure the requirements of the Section 114 notice are met, as set out in section 14.**
 - 10. Noted the Dedicated School's Budget is set at £51.258m as per paragraph 15.13.**
 - 11. Commented on the draft budget proposals within this report to inform the final budget proposals to be presented to Cabinet at its February meeting, ahead of Full Council on 22 February 2023.**
 - 12. Noted further reviews have been commissioned into the fees and charges policy and the pay policy as per paragraph 9.23 and 10.4 respectively.**
 - 13. Noted the Council's position on reserves, recognising the unique situation the Council faces and a need to revisit the adequacy of reserves as savings and service transformation are effected during 2023/24.**
 - 14. Noted that work on the budget will continue during 2022/23, with more savings required to council services.**
- 28. Report of the Cabinet Member for Culture and Communities**

The Chair agreed to bring forward the report in the agenda.

Councillor Abbas introduced the report and stated that the Council was currently facing difficult financial challenges, so the report needed to be considered in this context. He added that his Portfolio had also been extended and now included the Community Safety Partnership. Councillor Abbas explained that his Portfolio had faced many challenges during the COVID-19 pandemic, but most services had returned to normal in May 2022. He explained that the museum had reopened, and their focus was to digitise their collection by June 2023 and work closely with other local museums to diversify their exhibitions. He stated that the Thameside Theatre required ongoing works due to the life of the building, but the Council had recently increased the seating capacity and undertook maintenance to the vent system. Councillor Abbas clarified that although the Council received grant funding from different organisations for the Thameside Theatre, these were not enough to cover running and maintenance costs.

Councillor Abbas moved on and explained that the Council also ran a Community Led Local Development (CLLD) scheme, which helped to support small and medium enterprises (SMEs) and start-ups in the borough, whilst trying to decrease the level of unemployment. He stated that 1000 SMEs had been contacted as part of the scheme, and 150 residents contacted regarding employment, with 70 of these helped to return to work. He added that he had met with a variety of community groups and voluntary groups during his Portfolio, including those from diverse communities who were harder to reach. He stated that the team had helped link these groups with Council services during the interfaith marketplace which had taken place in the Town Hall. He added that a new Hindu place of prayer had been established within Thurrock, as well as a new Muslim burial site and Gurkha burial site at West Thurrock Cemetery. Councillor Abbas explained that the team had recently been running cost-of-living events to assist residents and businesses with advice and support during the cost-of-living crisis.

Councillor Abbas moved on and stated that the Purfleet Hub had reopened in March 2022 and were now holding classes, had a community fridge and pantry, and a school uniform bank. He thanked officers and volunteers for their hard work at the Purfleet Hub. He added that Grays Library had joined the Library Consortium in April 2022, which allowed members of Grays Library to access 7.3million books, magazines, newspapers, and documents online. He added that Grays Library had also been a deposit for Lower Thames Crossing consultation documents and was now a Barclays Bank hub. He added that in November 2022 libraries had also introduced wi-fi printing and were supporting residents to access mobile phone SIM cards. He added that in March 2023 the public health team would be running a session to upskill the libraries team to ensure better health outcomes for residents.

Councillor Abbas explained that the registrar team had recently moved to the Town Hall, and a simplified process for registering had been implemented. He stated that this meant the team had exceeded their income target and were providing residents with an efficient service. He summarised and stated that

he had recently become the Portfolio Holder for the Community Safety Partnership, whose main focusses for 2023 would be tackling violence against women and girls, domestic abuse, and modern-day slavery and human trafficking. He explained they would also be working to reduce hate crime, anti-social behaviour, drug and drunk driving, gangs, and offensive weapons. He stated that they had recently begun a safe street scheme which would work through community engagement.

Councillor Carter thanked the Portfolio Holder for his report and asked how many people were attending the Hindu place of prayer, and if it remained popular. Councillor Abbas confirmed that services remained ongoing every third Sunday of the month and the community were grateful to have the space in Thurrock. Councillor Arnold questioned if the Portfolio Holder was considering a strategy to ensure larger productions were encouraged to come to Thurrock, either at the Thameside or other locations. Councillor Abbas felt that the Thameside was important for art and culture within the borough, but could be impractical as it was laid out over two floors and did not have a big enough stage for travelling productions. He wanted to take the arts and culture offer to different communities across Thurrock, rather than focus on one building.

Councillor Holloway explained that Harlow Council had recently applied for, and were granted, a £20m grant for arts and culture projects from the levelling up fund. She asked why Thurrock Council had not applied for this bid. Councillor Abbas explained that Thurrock had secured arts funding through the Arts Council, which had been allocated to community groups such as Coda Dance Club and Arts Outburst. Councillor Kent echoed Councillor Holloway's question and asked if the Portfolio Holder had directed officers to apply for the bid. The Assistant Director of Economic Growth and Partnerships explained that officers did consider applying for the bid, but the decision was taken not to bid because Thurrock was identified as a priority 2 place, behind other priority 1 places who had been allocated capacity funding to support their bids. He added that to bid would have required significant investment from the Council upfront to put a bid together, and increased capacity to deliver that the Council did not currently have. Councillor Holloway felt that the Thameside Theatre was important to develop arts and culture with children and young people and asked if the Portfolio Holder would meet with them to discuss the future of the theatre. Councillor Abbas stated that he regularly visited the Thameside and would be happy to meet with any groups or forums to discuss the theatre and consider their recommendations.

Councillor Arnold highlighted improvements to the registry service outlined on page 43 of the report and asked what further improvements were planned. Councillor Abbas explained that the team had worked to introduce new technology into the registry office, meaning weddings could be video streamed to people who could not attend in person, and a simplified website now made it easier for people who needed to use the service.

Councillor Holloway asked for the list of groups that had met with Councillor Abbas to be sent to the Committee. She also queried how the Portfolio was

planning to make the required £90,000 of savings, and if the Committee could also see those proposals. She sought assurances that the Portfolio Holder was not planning to close any Thurrock libraries, and that funding given from Thurrock Council to local women's and domestic abuse survivors groups would not be stopped. Councillor Abbas agreed to send the list of groups he had met with to the Committee. He also confirmed that there were no current plans to close the libraries, but if this was proposed then it would need to go consultation and the relevant scrutiny committee. He added that all services would need to be transformed due to the current financial issues, but the Corporate Overview and Scrutiny Committee would be kept updated and the process would be transparent. He added that he was in touch with the voluntary sector and spending panels to assess all funding. He stated that he was committed to protecting women and girls that had suffered from domestic abuse and violence, and they would be provided with appropriate support.

Councillor Kent stated that the proposed Cultural Strategy and Plan for Culture would be the third time in six years this had been developed, the last one being in 2019 when consultants had been brought in to assist. He asked if the Committee could see the outcomes from the previous Cultural Strategies, and how the Portfolio Holder would ensure this version was completed and implemented. Councillor Abbas confirmed that the previous strategies and consultations would be shared with the Committee. Councillor Kent also questioned when Thurrock Museum would be accredited with the Arts Council. Councillor Abbas replied that the Council remained committed to accreditation and had made a bid to the Arts Council. He explained that this bid had been withdrawn at the suggestion of the Arts Council in 2021 due to the uncertainty of the future of the Thameside Complex.

Councillor Kent added that the People and Place Bid had now been granted, but required £10,000 per year funding from Thurrock Council and free usage of the libraries and theatre. He asked if this funding would continue given the Council's financial situation. The Assistant Director Economic Partnerships and Growth confirmed that the current position of the Council was to continue with this funding and free usage of the buildings. Councillor Kent summarised and commented that although the Thameside Theatre was small, it had the capability to hold professional productions. He felt that arts and culture needed a base in Thurrock, and productions would be unable or unwilling to travel and hold shows in venues such as village halls and schools. He stated that productions had previously been held in venues such as the Tilbury Cruise Terminal and a marquee in Blackshots, but these had been expensive to run. Councillor Thandi queried the Violence Against Woman and Girls Strategy project in Grays. Councillor Abbas replied that the team had organised pop up events and engaged with the community to raise awareness of the issue.

The Chair sought assurance that any updates on the Thameside Theatre would be brought back to the Committee, and Councillor Abbas agreed.

Councillor Abbas left the meeting at 8.26pm.

29. Treasury Management Strategy 2023/24

The Acting Director of Finance introduced the report and stated that three elements of the government directives linked to the Treasury Management Strategy, and these were: the requirement to update the Treasury Management, Capital, and Investment Strategies; the commitment to reduce the MRP linked to debt; and the requirement of an MRP policy refresh. He explained that the Treasury Management Strategy linked to the capital programme, investments, and how the Council could deliver financial sustainability. He stated that the report presented a holding position which was driven by several assumptions outlined on page 2 of the appendix including the request for EFS, asset disposal, and divestment of investments. He explained that borrowing levels were based on these assumptions and outlined the accounting treatments in the past and moving forward. He stated that the report summarised the changes to investment write-down and divestment, and how this strategy would be delivered. The Acting Director of Finance explained that further reports would be brought back to Members as the level of borrowing may need to increase due to changes with investments, EFS and capitalisation directives.

The Acting Director of Finance explained that the Council's portfolio of investments had been reassessed and a breakdown of these investments was outlined at table 2, including their impairments and full assessment. He stated that all investments were under constant review, and a new committee was being developed to inform Cabinet and the wider investment group. He added that the team were looking into legal actions to help resolve issues, but these could not be outlined until they had been developed further, as they were still in the early stages of discussion.

The Acting Director of Finance highlighted paragraph 42 in the appendix which set out the current issues, assessments, and proposed actions, and formed a key reset of the strategy. He added that the Strategy would drive how the Council managed future risk and would complement the Capital Programme to ensure appropriate resources and financial sustainability. He described how the report also provided historic financial context, such as the replacement of debt with Public Works Loan Board (PWLB) loans. He added that the MRP policy statements also showed how the Prudential Code had developed, and the Council were now compliant. He added that paragraph 76 of the appendix showed the 20-year life of the capitalisation directives, and how cashflow would be managed to enable a reset of debt in the future. He summarised and stated that the team had taken quick action to completely replace and rewrite the Treasury Management Strategy, whilst seeking advice from commissioners and experts, to ensure the Council met the government's directives and reduced debt as quickly as possible.

The Chair highlighted paragraph 77 of the appendix and asked why the Council had not applied MRP to its capital investments in previous years. The Acting Director of Finance explained that in previous years the MRP had not factored in issues and impairments with assets, such as the solar farm, and therefore the Council had no protection when the MRP was set on that basis,

and was fully exposed. He stated that the MRP now covered issues and impairments, and this reduced the Council's exposure. The Chair queried if the Council had ever applied MRP to its capital investments in the past. The Acting Director of Finance explained that Thurrock Council had been compliant with the first iteration of the Prudential Code that allowed for Council's to invest, as without that policy Council's would not have been allowed to invest. He explained that the second iteration of the Prudential Code had called for a partial change to MRP provisions to reduce exposure for the Council, which the Council had not been compliant with. The Chair queried when the second iteration of the Prudential Code had come into force. The Acting Director of Finance explained that the second iteration had been implemented in 2018/19, but only mandated that an MRP change was made. He explained that the Council were waiting for a new Prudential Code to be announced, which was expected in 2024/25, and the Council were ensuring that they would be forward compliant ahead of the introduction of this Code. He commented that a change to Prudential Codes presented a difficulty for many Councils, who subsequently had to adapt and change their procedures.

Councillor Kent questioned why the MRP was now being paid down over the course of an assets life, and asked if this approach would be successful. He also queried if previous advice given to Members on the MRP had been accurate. The Acting Director of Finance explained that the Council were now pursuing an asset life method of MRP, which meant that debt was written down over the life of an asset, and therefore running in parallel with the asset as a percentage of the debt was written off every year. He explained that in previous years this approach had not been undertaken, which had reduced the capital finance requirements but had not managed risk. He stated that the previous approach had written down an asset's debt in one go, at one time, and had offered the Council little protection. The Interim Chief Financial Officer echoed these points and stated that a thorough review process for assets was now in place, and this was being supported by the Commissioners. Councillor Arnold queried what advice had been received from external consultants, and what new knowledge and skills was being applied to the MRP. The Acting Director of Finance confirmed that the Council had received advice on the Treasury Management Strategy, but confirmed that the Council did not have any future investments planned. He stated that Thurrock had appointed Link as Treasury Management advisors and training sessions had been provided to Members to give a broader overview and understanding of the sector. He explained that the BVI would focus on the finer points of how decisions regarding investments were taken, and the team would consider these findings in detail when they were released.

Councillor Kent summarised and felt that the report was important as the Council needed to ensure it did not repeat past mistakes. He stated that in 2023/24 debt repayments would cost approximately £49m, which was 3.5x the cost of emptying all bins in Thurrock and two thirds more than the Public Realm budget.

RESOLVED: That the Committee:

- 1. Commented on the 2023/24 Treasury Management Strategy for consideration by Cabinet at their meeting on 15 February 2023.**
- 2. Considered the current assumptions (set out on page 3 of the Strategy) underpinning the Treasury Management Strategy and noted that this will be subject to further updates in 2023/24.**
- 3. Considered the strategy in the context of the directions issued by the Secretary of State for Levelling Up, Housing and Communities and specifically the need for a strict debt reduction plan.**
- 4. Noted the increase in the Council's Capital Financing Requirement (CFR) in 2022/23 as a result of the expected support from DLUHC in the form of a capitalisation direction, as set out in section 3.16.**
- 5. Noted the divestment of investments and the scale of property assets are required to repay the Exceptional Financial Support from DLUHC and this is a key assumption supporting the strategy.**
- 6. Noted the Council's borrowing level will exceed the CFR in 2022/23 but is planned to be managed within this from 2023/24 and onwards, as set out in section 3.16.**
- 7. Noted the Prudential indicators included within the strategy that show commercial capital investments are generating net losses to the Council in the context of the revised MRP charges and current and projected interest rates, as set out in section 3.6.**
- 8. Noted that the borrowing strategy supporting the commercial investment portfolio will be reset alongside wider revisions to the strategy in 2023/24.**

The Committee adjourned at 8.52pm

The Committee reconvened at 8.58pm.

30. Capital Bids and Capital Programme Update

The Acting Director of Finance introduced the report and stated that an updated version of the paper had been provided to Members, which amended the second paragraph on the first page of the report. He read the updated paragraph verbatim:

The total cost of the draft Capital Programme in 2023/24 is currently projected to be £62.158m, broken down as £37.043m relating to the General Fund and £25.115m relating to the HRA. The HRA capital programme is part funded by borrowing, grants and reserves and the associated revenue costs are managed from within the HRA budget envelope. The General Fund projects require prudential borrowing of £19.859m and the associated revenue impacts are also budgeted.

The Acting Director of Finance explained that the capital programme was currently under review, and the report presented a holding position which was supported by the S114 notice. He stated that the team were currently assessing whether spend on capital programmes should occur, but the Council would not break contractual agreements whilst considering new spend and borrowing. He explained that projects utilising third party funding had more flexibility, for example the school capital programme was grant funded and therefore did not present a wider risk to the Council. He added that a wider piece of work to review the programme and manage spending and borrowing was taking place, and this included removing or reassessing capital programmes. The Acting Director of Finance confirmed that some capital programme projects, such as the Grays underpass and Stanford-le-Hope Interchange, were currently on hold given the current financial context, and these would be reassessed considering the necessity, inflation, and construction costs. He explained that the capital programme would continue to evolve, and more clarity would be presented to Members in further reports. He added that officers were working to increase the transparency of the Capital Programme report and were working on introducing a mechanism for Member feedback.

The Chair highlighted 5.2 of the report and asked how S106 agreements could be used for 'spend to save' projects. The Acting Director of Finance explained that some projects, such as new streetlighting, could save the Council money after an initial outlay, for example by using more energy efficient bulbs or having more control over when streetlighting came on and switched off. He stated that grant-funded projects could continue, but all 'spend to save' projects would be challenged through Directorate Management Team meetings, the corporate transformation team, and Cabinet. Councillor Kent highlighted appendix two of the report and questioned the proposed river development project. He also questioned why Investment Portfolio 'spend to save' project funding increased dramatically between 2023/24 and 2024/25. The Acting Director of Finance replied that he did not have the detail of these projects, and would respond outside of the meeting.

Councillor Kent summarised and felt pleased that the Treasury Management and Capital Programme report had been separated, as this made it easier to understand for Members and residents.

RESOLVED: That the Committee:

- 1. Noted the charges to the capital programme as set out in this report and associated appendices.**
- 2. Noted the impact of new Prudential Borrowing on the debt levels of the Council as set out in Appendix 1.**
- 3. Noted the programme will be subject to a further review as set out in the report and following the issue of a Section 114 notice.**

4. Noted the projected revenue impact of the MRP costs as set out in Section 5.2.

5. Commented on the proposed delegation to Cabinet to approve additions to the programme based on the criteria set out in section 5.2.

31. Coalhouse Fort Update

The Assistant Director of Economic Growth and Partnerships introduced the report and stated that Coalhouse Fort was an important heritage asset and believed it was important to maximise its potential for residents and visitors, and preserve the scheduled monument. He stated that Coalhouse Fort had been closed since 2020. He explained that as the Council's place directorate evolved, it was an opportune moment to consider the Coalhouse Fort, and this would begin with a review and updating of the maintenance and health safety plans. He added that the Council were also planning to undertake a wider review and condition survey for the Fort, and would consider different management options. The Assistant Director of Economic Growth and Partnerships stated that the individual tasks needed to be undertaken for the Fort were outlined in the report, which included a feasibility study, but this would be dependent on, and in the context of the IRP and S114 notice, cost and funding.

Councillor Carter highlighted that a refreshed condition survey would be undertaken, and asked for the timescales for this piece of work. The Assistant Director of Economic Growth and Partnerships stated that they would begin to explore this work over the next three to four months, and a steering group would be put in place, which would be formed of local interest groups and other interested parties. He stated that this was subject to costs, funding, and the IRP, but would hopefully run for six to twelve months. Councillor Kent highlighted the table in the report which listed potential members of the steering group, which did not include local community groups and sought reassurance that they would be included. Councillor Kent added that the process for local community bids could take some time, as the Thameside community bid process had now been ongoing for twenty months. The Assistant Director of Economic Growth and Partnerships explained that community bids for the site had already been received, and the list of steering group members in the report were examples and this would be expanded to include local community groups. Councillor Kent questioned how the Council had advertised for local community bids, and if advertising would continue. The Assistant Director of Economic Growth and Partnerships explained that a process would be developed through the feasibility study and options study to ensure all interested parties had the opportunity to submit a local community bid if they wished. He added that local groups and forums would also be included through consultation as part of the new Cultural Strategy.

Councillor Arnold questioned the outcome if the health and safety and maintenance costs of Coalhouse Fort were too high for the Council. The Assistant Director of Economic Growth and Partnerships replied that if this

were the case, the Council would look at other funding opportunities, for example from Natural England, Historic England, and the Lower Thames Crossing. He added that the Council had already received interest from local groups and private individuals to take over the site, and these would be included in the feasibility study. Councillor Thandi questioned what redevelopment the site would need. The Assistant Director of Economic Growth and Partnerships stated that the team were currently unsure of what redevelopment was needed, and this would not be known until the health and safety survey was completed and a clear preferred option identified.

The Chair proposed monthly email updates to the Committee on the work of Coalhouse Fort, and the Committee agreed.

RESOLVED: That the Committee:

- 1. Noted the current position relating to Coalhouse Fort.**
- 2. Noted the proposed approach/next steps for Coalhouse Fort.**
- 3. Noted that further updates will be provided as key tasks are actioned/completed.**

32. Work Programme

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

The meeting finished at 9.27 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**

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