

Thurrock Borough Council

Finance Recovery Board

Minutes – 12:30pm, Friday 24 November 2023

MS Teams.

Attendees

Nicole Wood (NW) – Finance Commissioner (Chair)

Dr Dave Smith (DS) – Managing Director Commissioner, Chief Executive

Cllr Lynn Worrall (LW) – Opposition Group Deputy Leader

Steven Mair (SMa) – Acting Chief Finance Officer

Jonathan Wilson (JW) – Acting Director of Finance

Luke Tyson (LT) – Chief Intervention Officer

Patrick McDermott (PM) – Chief of Staff to the Commissioners

Rob Large (RL) – Programme Director, Asset Disposals

Mark Bowen (MBo) – Deputy Monitoring Officer

Lorraine Surrey (LS) – Senior Project Manager

Vince Waddams (VW) – Delivery Assurance Manager

Keilah Gallardo (KG) – Business Support Officer, Chief Executive (minutes)

Guest

Alix Macfarlane (AM) – Intervention Communications Lead

Apologies

Cllr Andrew Jefferies (AJ) – Leader of the Council

Cllr John Kent (JK) – Opposition Group Leader

Cllr Graham Snell (GS) – Cabinet Member for Resources

Mark Bradbury (MB) – Interim Director of Place

1. Welcome and Introductions

2. Matters Arising

2.1. Minutes of the previous meeting were agreed.

2.2. PM took an action to discuss with MBo and Administrators as to how DBT is being updated. NW requested that the litigation costs report be put onto the forward plan.

Action: Mark Bowen and Patrick McDermott to discuss with administrators as to how DBT is being updated.

Action: Decision to be made on when litigation costs report will go to FRB.

3. Budget Communications/Consultation

3.1. AM presented budget comms/consultation piece to update the Board on the relationship between Finance and Comms to inform on the journey to financial sustainability. AM noted that the core narrative is acknowledging that there is room for Thurrock to grow. AM also shared that there has been a focus on stakeholder mapping exercises to ensure that those who need to be involved have been given the relevant information.

3.2. LW noted that a tranche of proposals was withdrawn yesterday, and inquired why they were withdrawn and when they will be put back up. SMa confirmed that nothing was withdrawn rather, there was a technical issue that meant it showed the proposals as withdrawn.

3.3. NW noted that a Budget Communications/Consultation update should be given to the Board by exception when needed. AM agreed and confirmed that this information would also progress through SMa.

3.4. LW asked how consultations were to be advertised to members. AM confirmed that this has been added to the Comms forward plan and this will be shared regularly in member briefings.

4. Workstreams Update

Sponsor Report and Highlight Report

4.1. SMa noted that because of the priority to focus on investment deals, work on commercial strategy is being put on hold. Regarding divestment strategy, there has been approval to go out for market on the Windfarms. SMa noted that Toucan is making progress and will be in conversation with relevant stakeholders. SMa confirmed that CCLA continues to make progress.

4.2. SMa updated the board that the Finance Function review has been completed and confirmed that the first phase of applications for junior levels have come through, with the hope to interview before the end of December. SMa shared that TRL are now being brought forward to the last quarter in the current financial year rather than the first quarter of the next financial year.

4.3. SMa noted that through the review of treasury strategy, the activity of divestment sales is being picked up and this will work its way through Scrutiny, Cabinet, and Council in the new year. SMa noted that the savings of the accounts remains largely as was, BDO have

more resources, and this is expected to make good progress. JW confirmed that based on last night's audit committee, the key thing to do will be to look at valuation points from 2018/2019 accounts which JW confirmed was work sitting with advisors. There is a way forward with key areas backstop process being proposed. LW shared that it was clear from the audit committee that there is still work to be done in the 2021 accounts. LW noted that at the committee last night it was mentioned that there will be a financial gap as this exercise will cost more than anticipated. LW asked that the cost of this be clearly defined. JW confirmed this will be shared with SMA when available.

- 4.4. NW felt that FRB and audit committee need a more thorough report on the backstop issue. NW also feels that there should be more pressure for auditors to produce reports with more content. SMA

Action: Provide details of the cost of audit/accounts work when available.

Action: Bring paper to December FRB regarding the national picture and audit backstop issue, and how it will be addressed.

5. Capital Programme

- 5.1. SMA shared that the Capital Programme needs to be revised because of the Council's current position. The purpose is to minimise the borrowing in the Capital Programme. SMA shared the Council is conducting a three-stage approach, with reduction on non-essential projects and reprofiling of HRA expenditure. SMA confirmed this would be going to Scrutiny in February. NW suggested that in terms of future improvements pieces, SMA and PM have a deep dive for further review.
- 5.2. NW asked whether in the progress of raising this, there is a complete understanding of the implications of this work. NW asked that PM have a conversation with DLUHC regarding the implications if borrowing and HRA. SMA confirmed that regarding engagement and impact, colleagues have been working with their portfolio holders making them aware that this will go to Scrutiny in February. PM suggested that HRA should be on the agenda for the next meeting NW and SMA have with DLUHC.
- 5.3. LW noted that there may be concerns from members and the implications to housing in their wards. LW felt that there should be investment into Council homes. LW felt that there should be a standing item to update on budget progress at every Scrutiny committee, as this may remind members of the impact budget cuts will have on projects. SMA agreed this approach and reassured that the HRA proposals are not to stop spending on Council housing rather, reflects the realities of the programme. SMA suggested Ewelina attend the next FRB to better inform the Board on this matter. PM confirmed that DLUHC have been open to receiving the detail of HRA based capital projects. PM felt this needs to be put together in a form that is suitable to present to DLUHC.

Action: Share feedback from DLUHC regarding the implications of borrowing and HRA.

Action: Bring a combined finance and service paper to on the RTB.

6. HRA Report

- 6.1. SMa presented the HRA report, noting this as a review done by CIPFA as there have been breaches of regulations by other Councils. CIPFA confirmed there was no evidence of substantial breaches but, have noted evidence of areas needing review.
- 6.2. LW asked what the next steps were regarding areas in need of review. LW also asked if this was a finished document or, if there were other areas in the housing department that would be reviewed. SMa confirmed that there will be a review on the areas recommended by CIPFA. SMa also noted that a right to buy paper is being worked on. LW asked that updates be provided to the Board and DLUHC regarding the HRA report.

Action: Share the HRA report with DLUHC once the executive summary is received from CIPFA.

Action: Circulate the HRA report executive summary.

7. Asset Disposals

- 7.1. RL shared the Asset Disposals report, noting properties that are on the market that are expected to bring the Council a large sum of income. RL noted that developers and investors are becoming strict on price and terms. RL provided an update that St Chads is on the market, noting that they are confident disposals will take place before the end of December.
- 7.2. RL shared updates on the figures of likely and unlikely to be sold properties. RL noted that there will be further work and engagement with service areas and leases within the community.
- 7.3. LW asked if the sale of the St Chads site would mean the Council would inherit the mortgage or any debt connected with it. JW noted this is being navigated, with the primary goal to reduce debt and the cost of debt.
- 7.4. DS asked if there were any adverse implications to the changes of figures in likely and unlikely to be sold properties. SMa noted that analysis of these figures will go to SLT and upon receiving this report, there will be a holistic review of the findings. PM noted that DLUHC will be sending a letter requesting information and should be updated on moving fees on the capitalisation request.

8. Rental Income

- 8.1. RL noted that one individual will be allocated to assessing service area and community buildings from a real estate perspective.

9. 23/24 Savings Delivery Risk Assessment

- 9.1. VW noted that there has been a reconsideration on how the vacancy factor has been reported per directorate as the previous method was causing skewed results. Moving forward, this will be reported on corporately which will reflect to be on target. VW also noted that confidence levels reporting has been adjusted as they were based on an average, skewing figures.
- 9.2. LW asked whether there would be a DRA 24/25 savings. VW confirmed there would be.

Action: Begin building the 24/25 DRA ready for reporting to FRB from April 2024.

10. Financial Regulations

- 10.1. Sma noted the new chapter covering the roles of Commissioners, intervention, and 114 notice.
- 10.2. NW noted it would be useful to circulate the documents upon receipt of final versions and a paper for early 2024.

Action: Circulate the financial regulations documents upon receipt of final versions.

Action: Bring a paper in early 2024 on financial regulations.

11. Items for next meeting

- Workstreams update
- Financial Strategy Update
- Delivery Risk Assessment
- Asset Disposals
- Rental Income
- Investments Recovery and Litigation Update
- S114: External Commissioner Assessment of Effectiveness
- S114: Progress update for Resourcing/Recruitment Panel

Action: Patrick McDermott, Nicole Wood, and Lorraine Surrey to review the FRB Forward Plan.

12. Any Other Business

- 12.1. There being no other business, the meeting closed.

Appendix I: Full Meeting Actions

- Action: Mark Bowen and Patrick McDermott to discuss with administrators as to how DBT is being updated.**
- Action: Decision to be made on when litigation costs report will go to FRB.**
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- Action: Bring paper to December FRB regarding the national picture and audit backstop issue, and how it will be addressed.**
- Action: Share feedback from DLUHC regarding the implications of borrowing and HRA.**
- Action: Bring a combined finance and service paper to on the RTB.**
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- Action: Circulate the HRA report executive summary.**
- Action: Begin building the 24/25 DRA ready for reporting to FRB from April 2024.**
- Action: Circulate the financial regulations documents upon receipt of final versions.**
- Action: Bring a paper in early 2024 on financial regulations.**
- Action: Patrick McDermott, Nicole Wood, and Lorraine Surrey to review the FRB Forward Plan.**