

10 January 2024		ITEM: 11 Decision: 110687
Cabinet		
Progress on Thurrock Council's Improvement and Recovery		
Wards and communities affected: N/A	Key Decision: Non-Key	
Report of: Cllr Andrew Jefferies, Leader of the Council		
Accountable Assistant Director: N/A		
Accountable Director: N/A		
This report is Public		

Executive Summary

This report provides Members with a progress update on the work to date to deliver the Council's Improvement and Recovery Plan. This is the second report following Members' agreement to receive quarterly updates and allow for scrutiny and constructive challenge to the delivery of the Plan and Council's recovery overall.

The content of this report reflects that the period since the last report to Members has been focussed on the approval of an enhanced Improvement and Recovery Plan as required in the updated Directions in March 2023 and the transition from the projects under the previous Plan. Future reports on progress will also consider how improvement is being made in relation to the Outcomes Framework set out in the Improvement and Recovery Plan, in order to test whether delivering the plan is making meaningful improvements.

The Council continues to face significant challenges as it recovers and responds to the Directions from the Secretary of State. As failings are addressed and improvements made, the Council will have to work at considerable pace to make the required changes to re-shape the organisation and become financially sustainable. Difficult decisions will come forward in the coming months, including agreeing a new vision for how services are delivered and setting a budget for 2024/25.

The progress reporting considered by Improvement and Recovery Board in December can be found as an appendix to this report.

Commissioner Comments

Commissioner comments will be provided when Full Council consider this progress update.

1. Recommendation(s)

That Cabinet:

1.1 Note the progress made on the Council's improvement and recovery.

1.2 Refer this report to Full Council for all Members to consider and comment on the progress to date.

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 Governance structures were put in place to allow the Commissioners to have oversight of these functions and carry out these functions. A Finance Recovery Board, chaired by Nicole Wood, Executive Director of Corporate Resources at ECC, was established and began meeting fortnightly from 10 October 2022 (latterly this meeting has been held monthly). The terms of reference and minutes from this and other Commissioner-led boards can be found on the intervention section of the Thurrock Council website.

2.3 From the outset of the intervention, Commissioners have worked constructively with Members and Officers to ensure proactive engagement, meaning that in practice decisions continue to be taken by the Council with Commissioners powers held in reserve and used where they deem necessary.

2.4 These directions also required the Council to produce an Improvement and Recovery Plan within three months. This plan was submitted to the Commissioners and the Department for Levelling-up, Housing and Communities (DLUHC) in December 2022, with reporting to Commissioners on urgent financial actions beforehand to the Finance Recovery Board.

2.5 To oversee the development and delivery of the Improvement and Recovery Plan, the Improvement and Recovery Board, chaired by Gavin Jones, Chief Executive of ECC, was established and has met monthly since 1 November 2022. Membership of the Board includes Commissioners, the Leader and

Deputy Leader of the Council, Leader and Deputy Leader of the Opposition and Senior Leadership Team.

Expanded Directions

- 2.6 In December 2022, the Commissioners submitted their first update to the Secretary of State, reporting on the Council's progress against the specific Directions as well as their reflections on the culture, governance and capacity.
- 2.7 Shortly after the Commissioner's report was submitted, the Best Value Inspectors also provided an update on the progress of their inspection. The update proposed an extension to the time period set out in the appointment to allow the inspection to look into wider areas than the original scope, however the inspectors were able to make some recommendations to the Secretary of State at that point.
- 2.8 These reports were published by DLUHC on 24 January 2023 alongside the Ministerial response to them, which outlined that the Secretary of State was 'minded-to' expand the Directions in order to:
- transfer further powers to Commissioners in areas such as governance, the way the Council delivers services and the senior structure of the Council.
 - require the Council to produce an enhanced Improvement and Recovery Plan to go further into particular areas.
 - appoint a Managing Director Commissioner in order to strengthen the intervention model, and to support the Authority's capacity to deliver against its improvement plan.
- 2.9 After considering all representations made, the Secretary of State confirmed the expanded recommendations and appointment of Dr Dave Smith as Managing Director Commissioner on 16 March 2023, effectively replacing the original directions from 2 September 2022.
- 2.10 Following the publication of the Commissioners' Second Report on 5 October 2023, the Minister announced that Essex County Council would exit its role as Commissioner, given that the first phase of the intervention has concluded with the publication of the Commissioners' second report.
- 2.11 For the next phase of the intervention, Gavin Jones and Nicole Wood are appointed as Lead Commissioner and Finance Commissioner respectively, continuing their existing roles in the intervention, but on an individual basis rather than on behalf of Essex Country Council.

Updating the Improvement and Recovery Plan

- 2.12 As set out in the March 2023 Directions, the Improvement and Recovery Plan needed to be enhanced to cover the additional areas highlighted by the

Secretary of State. Following a period of extensive Officer and Member engagement, the Plan was approved by Full Council on 25 October 2023.

2.13 This plan builds on the work already underway and recognised by the Minister in his letter on 5 October. By focussing on three priorities of improving leadership to accelerate change, improving governance and controls and improving financial sustainability, this plan sets out a path for the Council to meet its Best Value Duty.

2.14 Below is further detail on each aspect of the Plan.

Priorities	Workstreams	Aims	Objectives
Improving Leadership to Accelerate Change	Leading with purpose and direction	We will have a published Corporate Plan and a revised operating model for service delivery, that is developed in partnership by Members and officers. This workstream will refocus our efforts and actions on being exemplary and visible place leaders for the communities we serve.	A long-term purpose and direction for the Council
			Develop a medium-term Corporate Plan that continues the change and improvement programme of the Council.
			Strategy-led business planning
	Building our corporate capability	We will have a new operating model that positions the Council as enabling the most effective and efficient delivery of public services within the resources available. We will redesign our organisation and have a corporate structure agreed and mobilised that has the right people in the right jobs to make a significant personal and corporate contribution to change.	Develop, consult and approve a new operating model for the Council
			Redesign and restructure the Council
			Stand-up a Programme and Project Management Office
Improving Governance and Controls	Establishing the foundations for governance excellence	We will have in place the policies and practice required to demonstrate strong governance. We will ensure that our policies are compliant and provide a solid foundation for the efficient and effective delivery of corporate and service priorities.	Review and refresh all of our governing policies
			Build a capable and effective scrutiny function
			Undertake a governance review for all external companies or partnership bodies that the Council has an interest in
	Creating an exemplary control environment	We will have in place processes, protocols and a culture of accountability, that positions the Council as having a highly effective control environment. Members and Senior Leaders will collaborate to develop and implement an approach to the management of risk, including ensuring officers are empowered to deliver	Create a Council-wide strong risk managed operating environment
			The Council's assurance and audit functions are re-set

Priorities	Workstreams	Aims	Objectives
		corporate objectives within a clearly articulated scheme of delegation. Through our control environment we will be accountable and transparent internally and externally for our actions.	Proportionate processes that maximise transparency and accountability are developed
Improving Financial Sustainability	Divestment of the Council's investments	We will have significantly reduced the debt of the Council and reduced the budget financing debt charges to secure a more stable financial position in the longer term to mitigate future risks.	Dispose of investments
	Improving our stability through budgetary savings and maximisation of income	We will have implemented a range of actions to demonstrate significant savings, reductions in the capital programme, generation of capital receipts - all of which will lead to the significant reduction in general fund borrowing – as well as maximisation of income to pay down a proportion of our debt and ensure that service and programme spending delivers the highest level of service and outcomes within the constrained resources available. Spending controls as a result of the Section 114 notice have also supported in delivering this objective.	Through implementing a savings programme, alongside a programme to maximise income over each of the next five years and beyond, the Council's budget moves towards achieving a balanced position.
			Detailed plan to generate capital receipts
			Develop a Capital Programme which leads to General Fund borrowing which is significantly smaller and aligned to the Corporate Plan.
	Improving our financial management capability and practice	We will have a fit for purpose finance function that demonstrates exemplary leadership and management, implements robust financial controls, and champions effective scrutiny and reporting to enable clear accountability, risk management and compliance with statutory requirements and accounting standards. That there is strong and appropriate financial capability for leaders, budget holders and members enabling them to fulfil their own fiduciary duties and engage meaningfully in scrutiny and challenge.	Demonstrate exemplary corporate financial leadership
			Redesign and restructure the Council's financial service
Corporate Financial Capability			

3. Challenges and Recovery Progress to date

3.1 While progress is being made, the Council continues to face challenges and difficult decisions, including:

- Maintaining and where necessary enhancing the scale and pace of change – as well as securing the capacity, capability and appropriate external support to deliver.
 - Decisions on how services are provided, linked to a different vision for the role the Council has in the community.
 - Decisions related to setting a budget for 2024/25, including savings and the impact on service levels.
 - Embedding a new Senior Leadership Team.
 - Making significant progress to improve the Council's control environment of audit, risk management etc.
 - Continuing to take steps to improve relationships and engagement between Officers and Members as well as between Members and Members.
 - Meaningful and lasting culture change takes time to be delivered and embedded.
- 3.2 The Council is actively monitoring of these challenges and putting measures in place to minimise their impact on the Council's improvement. This includes taking a programme management approach to organisational change, as well as continually improving how we communicate and engage internally and externally.
- 3.3 Appended to this report is the progress update information considered by the Improvement and Recovery Board in December. This provides an overall position of each priority and project, with a specific focus on the milestones and risks associated to ensure Commissioners and Members have visibility of what could impact on the Council's improvement and what is being done to mitigate those risks. The minutes of the Commissioner-led boards can also be found on the Council's website.

Improving Leadership to Accelerate Change

- 3.4 Achievements and progress since last report:
- Working groups established to further develop the new operating model workstreams: Locality; Corporate Services; Communications and Engagement; Commissioning; Change Management.
 - Locality model kick-off workshop completed in December.
 - Engagement with Leadership Group and Managers Conference on Operating Model
 - Work started to develop a multi-year Corporate Plan.
 - Interim measures put in place to report on the performance of Council services.
 - Appointments made to Assistant Chief Executive, Executive Director of Corporate Resources (Monitoring Officer) and Executive Director of Place roles.
 - Recruitment of Assistant Director posts commenced.

- Programme Director for overall Change programme onboard to add capacity and capability to delivery.
- Technical Change Management Training sessions held for Managers & Leaders to build internal change management capability.
- Change & resilience support training delivered to workforce.
- Change Community resource developed and accessible via Oracle.

3.5 Sector and External Support:

- **Pricewaterhouse Coopers (PwC)** – supporting the work of the Change Team to develop a new operating model, savings and development of the Programme and Project Management Office.

3.6 Issues and Risks:

- Deliverability of new operating model – primary focus of this workstream has been to work with the organisation and PwC to develop the new operating model. Capacity and capability will be required to deliver the model to the scale and pace required.
- Recruitment to Chief Finance Officer position and Assistant Director roles.
- Communications – ongoing openness and transparency in external and internal communications.

Improving Governance and Controls

3.7 Achievements and progress since last report:

- Mazars on board to provide capacity and support to the internal audit function.
- New arrangements for Overview and Scrutiny committees and Standards and Audit Committee considered by Governance Recovery Board ahead of engagement Members more widely.
- Member mentoring has commenced or has been offered to all political leaders.
- Report writing training delivered to senior officers.
- New report writing guidance and template developed.
- Draft Financial Regulations updates to the Council's constitution produced, including Contract Procedure Rules.
- The Consolidated Full Business Case for the Thames Freeport has been submitted to DLUHC.
- New Risk Management Strategy & Framework developed and taken to Standards & Audit Committee
- Bespoke risk management training for Standards & Audit Committee members and generic overview training for all members
- LGA commissioned to deliver awareness raising training on the role of Audit and to provide tailored development of Standards & Audit Committee members.
- Detailed reviews of Regeneration Projects (highlighted in BVI) undertaken and reported to O&S and Cabinet with next steps agreed.
- LGA Planning Advisory Service Peer Review of Planning Service undertaken.

- Local Plan Initial Options Proposals (Reg 18) Consultation approved by Council.

3.8 Sector and external support:

- **Local Government Association (LGA)** – in addition to the core offer to the Council as a member of the LGA, a package of support has been proposed including communications support, Member mentoring, Member training including the Leadership Academy, Member and Officer development, the review of the constitution, and audit reviews and refresh.
- **Centre for Governance and Scrutiny (CfGS)** – leading on the review of the overview and scrutiny function of the Council and supplementing the related aspect of the LGA support.
- **Chartered Institute of Public Finance and Accountancy (CIPFA)** – conducted the review of Council-owned companies, Constitution Review, Financial Regulations and Contract Procedure Rules.

3.9 Issues and Risks:

- Securing the appropriate resource to support the full review of the constitution.

Improving Financial Sustainability

3.10 Achievements and progress since last report:

- Very good progress on the divestments workstreams - the Council aiming to have divested or have underway over 90% of its Council's investment portfolio by 31 March 2024.
- Finance function review and restructure complete and recruitment commenced.
- Review of HRA recharges conducted by CIPFA found no significant issues relating to the HRA ring-fence and made recommendations where improvements could be made.
- Investment Advisory Panel has been established and met.
- 2023/24 savings business cases and CEIAs considered by Overview and Scrutiny and Cabinet, and programme of communications and engagement commenced.
- Treasury Strategy, Capital Programme, HRA Business Plan and Revenue Budget proposals developed for Commissioners and Members to consider through the budget setting process.
- MRP has been reviewed and a series of improvements set up for action.
- Properties currently being marketed with estimated anticipated sale receipts of c.£56million.

3.11 Sector and External Support:

- **CIPFA** – conducted a review of HRA recharges, support to the Divestment Strategy
- **Avison Young** – providing independent valuations of the Council's assets.
- **PwC** – working with the Change Team, provided cross-cutting savings outline business cases to the value of £5.6million for 2024/25 as part of

the direction to reshape the Council in order to become financial sustainable.

3.12 Issues and Risks:

- The ability to meet the savings targets and agree a balanced budget for 2024/25.
- Market factors impacting on the ability to gain capital receipts from asset disposals.

4. Outcomes Framework

4.1 As part of producing the enhanced Improvement and Recovery Plan, an Outcomes Framework was developed in order to test whether the delivery of the plan has changed things in a meaningful way.

4.2 The 12 key outcomes are listed below and will be used by the Council to consider whether the changes made have led to tangible improvements. This will also form the basis of how progress is reported to both Members and Commissioners.

Improvement in the quality of decision making	Improvement in value for money	Improvement in corporate capability	Improvement in policy and practice through the use of external expertise
Improvement in collaboration between officers and between Members and officers	Improvement in responsiveness to poor performance	Improvement in risk management	Improvement in assurance and audit
Improvement in the transparency of performance information	Improvement in Member and officer confidence	Improvement in public and partner confidence in the Council	Improvement in responsiveness to the public

4.3 As this is a new element of how we measure progress, over the coming months we will assess the starting point / baseline for where the Council is against each outcome so that we can measure what improvement has been made, including using the independent methods as set out in the Plan.

5. Reasons for Recommendation

5.1 This is the second report updating Cabinet on progress towards the Council's improvement and recovery.

5.2 Cabinet are also asked to refer the report to Full Council to ensure all Members are sighted on the progress to-date.

6. Consultation (including Overview and Scrutiny, if applicable)

6.1 Not applicable.

7. Impact on corporate policies, priorities, performance and community impact

7.1 There are no direct impacts as a result of this report.

8. Implications

8.1 Financial

Implications verified by: **Karen Ind**
Management Account

Revenue budget has been set aside for two years as part of the Medium-Term Financial Strategy to fund the additional resource required to support the delivery of the Enhanced Improvement and Recovery Plan. This resource and capacity will enable the Council to move towards financial sustainability by the delivery of long-term savings, maximising income, demonstrating value for money, divestment of the Council's investments and review of the Capital Programme. It will also allow the Council to improve the governance and controls and implement the culture change required by the organisation. Grant funding and external support, where available, will be used to fund delivery.

8.2 Legal

Implications verified by: **Jayne Middleton-Albooye**
Interim Head of Legal Services and Deputy Monitoring Officer

There are no direct legal implications arising from the recommendation in this update report.

8.3 Diversity and Equality

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

There are no direct diversity and equality implications from the recommendations in this progress update report.

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

There are no direct significant implications from the recommendations in this progress update report.

9. 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):

- Documents relating to the intervention in Thurrock Council, DLUHC - <https://www.gov.uk/government/collections/intervention-at-thurrock-council>
- Progress on Thurrock Council's Improvement and Recovery, Full Council 27 September 2023 - <https://democracy.thurrock.gov.uk/ieListDocuments.aspx?CId=134&MID=6348#A117934>
- Improvement and Recovery Plan (approval of the enhanced plan), Full Council 25 October 2023 - <https://democracy.thurrock.gov.uk/ieListDocuments.aspx?CId=134&MID=6349#A119348>

10. Appendices to the report

- Appendix 1 – Progress Reporting to Improvement and Recovery Board for December

Report Author:

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