


# LGA Corporate Peer Challenge

Thurrock Council

10 – 13 January 2022

Feedback report





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# 1. Executive summary

This is Thurrock Council's third Corporate Peer Challenge (CPC) with previous peer challenges taking place in 2011, 2016 and a follow up in 2018. Thurrock is fully committed to sector led improvement with the CPC bringing together a wider programme of reviews of Adult's and Children's Services and the Council's plans for Transformation. This programme of reviews was scheduled specifically to inform decision-making associated with the planning for delivery of a balanced budget for 2023/24 and to ensure the recommendations drive the Council's transformation into a leaner, more efficient and financially sustainable organisation.

The CPC was delivered using a phased hybrid methodology consisting of three phases:

- a first phase of detailed financial diagnostics, comprising of three days of virtual meetings and three days reviewing and summarising key financial documents
- a second phase comprising of two days of virtual meetings and
- a final phase of two days of on-site face-to-face meetings.

There is no denying, Thurrock Council has made significant progress and is extremely ambitious. There is a huge growth and regeneration programme taking shape, which includes delivery of the UK's largest Freeport, the lower Thames crossing, A13 road infrastructure improvements, new civic offices and the regeneration of Tilbury and Grays as part of the Towns Fund. The Council is also embarking on a significant Council wide transformation programme which aims to save £5m in 2022/23. All this is in the context of a severely challenged financial background and a forecasted funding gap of £34m over 22/23 and 23/24.

The drive and ambition demonstrated by Thurrock Council is commendable, but it was clear the Council has not identified its main priorities and all work delivery is considered equal. The Council agreed a refreshed "People, Place and Prosperity" (PPP) vision and priorities in September 2021, however there is far more being delivered or planned for delivery than originally agreed and additional work continues to be added. There simply isn't the capacity or resources to deliver and the Council

needs to stop, review what type of Council it wants to be and prioritise accordingly. Once agreed, nothing should be added to the agreed list, unless there is agreement to pause, stop or remove something else. The Council also needs to urgently discuss and agree a programme of disinvestments to support this priority setting.

Staff at Thurrock are dedicated, committed and loyal. They have gone above and beyond during the pandemic and continued to deliver the Councils priorities at pace, however they are tired and with the prospect of redundancies due to the Councils financial position, they are concerned about their future and are looking to the leadership for clarity and direction. The Leader and Chief Executive need to ‘front up’ collective communications on the Councils strengths, challenges, priorities and opportunities, both internally with staff and externally with partners and stakeholders to ensure there is a shared understanding of the new priorities, direction and focus of resources.

Partners and stakeholders from the private, public and voluntary sectors are excited about the opportunities in Thurrock and want to be more involved in delivering these. Peers heard from partners that the culture at the Council is to want to lead or be in control of everything, with the phrase “Fortress Thurrock” used. Given the financial and capacity challenges the Council faces, Thurrock needs to embrace help and support from others including from its national and regional partnerships and not see this as a weakness – it can still exert the appropriate influence. Reviewing partnerships and freeing up resources will then allow the Council to concentrate on where relationships need to be strengthened. Partners believe stronger relationships need developing with Government, particularly around the Freeport and consider the Council best placed to achieve this.

The Council finances are severely challenged. The draft position for 2022/23 is projecting a balanced budget, but this is to be achieved by potentially using more reserves than in previous years and having a much larger level of savings. Despite significant work, there are no solid plans in place for 2023/24 and there are likely to be insufficient reserves available to use. The Council is planning to use £3.3m reserves in 2021/22 and to increase that by up to £4.8m in 2022/23. This is not a sustainable position and does not demonstrate good financial management. After factoring in council tax increases, savings and growth the Council still has an £8.9m gap for 2023/24 and a further gap of £5.4m in 2024/25 that will need radical plans to

resolve.

The investment strategy has served the Council well in recent years and largely shielded it from the difficult decisions many other Councils have faced. Whilst beneficial, it means Thurrock doesn't have a track record of delivering savings at scale. In order to ensure the urgent savings and efficiencies are delivered:

- Tight governance and infrastructure needs putting in place to monitor and manage the savings across the council, not just within finance.
- All Councillors need to understand the scale of challenge and be equipped with further financial information and analysis to inform oversight and future decision-making.
- Governance and oversight of the Councils investments, commercial activity and current/future capital programmes also needs strengthening.

The Council has to get on the front foot for 2023/24 and must urgently progress this.

Currently transformation and change programmes are, mainly financially driven, which given the Council's financial situation is to be expected. This has however led to services working individually to draw up savings plans, with insufficient thought to cross council transformation and how public sector reform, commercialisation in partnership or demand management can drive different ways of working. Directors' Board need to make time to collectively problem solve and work across services to ensure all opportunities are being explored and interdependencies are mapped. Many of the building blocks are in place to support staff to feel part of the next phase of transformation, for example, the Digital Academy, Change Leads and Directorate Champions. Make the most of these groups to fully engage all staff in the journey.

Although not universal, peers did identify tensions between officers and Councillors and strongly recommend these relationships are reset, to ensure complete understanding of respective roles and responsibilities. A programme of facilitated conversations individually and together would help support the culture of the organisation moving forward.

## 2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

### 2.1. Recommendation 1

**Prioritise the Thurrock Ambition** – Agree what type of Council you want to be and use this to drive transformation and culture change. Prioritise what you want to deliver within the budget available and agree on the disinvestments.

### 2.2. Recommendation 2

**Financial Stability/resilience and sustainability** – Corporately own and understand the financial information, align the MTFS with the ambition and priorities and effectively deliver the savings.

### 2.3. Recommendation 3

**Agree and deliver a cross council transformation programme** – Corporately own and understand the whole transformation programme, ensuring a strong governance framework to drive through the improvements.

### 2.4. Recommendation 4

**Strengthen corporate leadership, organisational culture and member/officer relationships** – make time for facilitated conversations, be clear on roles and responsibilities and describe and then demonstrate the culture you want to achieve.

### 2.5. Recommendation 5

**Harness the partnerships offer – from local to regional and national** – Define the partner you want to be in different scenarios and accept or secure help from others.

### 2.6. Recommendation 6

**Shape and promote the collective narrative** – drive proactive communications which celebrate your success and actively manage the Council's reputation.

## 3. Summary of the peer challenge approach

### 3.1. The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Lead Member Peer (Conservative), Cllr William Nunn, East of England Regional peer - Breckland Council
- Lead Member Peer (Labour), Cllr Sir Steve Houghton, Leader, Barnsley Metropolitan Borough Council
- Lead Officer Peer, Susie Kemp, Chief Executive – Swindon Borough Council
- Senior Officer Peer, Kate Martin, Executive Director of Place – Southampton City Council
- Senior Officer Peer, Kate Waterhouse, Chief Information Officer – Bury Metropolitan Council
- LGA Officer Peer, Voke Oniovo, Programme support officer – Cyber security
- LGA Peer Challenge Manager – Kirsty Human
- LGA Project Support Officer – Simisola Rasheed Name and role/job title

#### Finance Diagnostic

- LGA Financial Improvement and Sustainability Adviser - Julie Parker  
FCPFA

### 3.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its

- priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
  3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
  4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
  5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition to these questions, you asked the peer team to provide feedback on:

6. **Delivery ambition** - How can Thurrock Council continue to deliver high quality services to residents whilst investing in the regeneration of place with significantly less resources and capacity? What options are there for working with the community, business and voluntary sector to deliver services in the future.

### **3.3. The peer challenge process**

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. A robust and rigorous financial diagnostic was undertaken over six days in December 2021 to provide the peer team with a focused and detailed analysis of Thurrock Councils financial planning and management. Meetings were held with the Chief Executive, Corporate Directors for Resources, Adults and Children's services, the Deputy



Leader and Finance portfolio holder and consultant reviewing Transformation. A comprehensive suite of documents, plans and financial accounts were also analysed and discussed. The team then spent two days virtually and two days onsite at Thurrock Council, during which they:

- Gathered information and views from 37 meetings, in addition to further research and reading.
- Spoke to more than 125 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

## 4. Feedback

### 4.1. Delivery Ambition

There is a phenomenal amount of ambition and growth in Thurrock. Situated on the north side of the River Thames bordering Essex, Kent and East London and with excellent rail and road links, the Council is perfectly positioned as an economic growth hub.

With the largest UK Freeport, two successful Towns Fund allocations (Tilbury £22.8m and Grays £19.9m), the lower Thames crossing, several major infrastructure projects (including the A13 widening and Stanford-le-Hope Interchange) and Corringham Integrated Medical Centre (IMC) (one of four) there is a huge amount of delivery and it was clear the Council is doing its utmost to simultaneously manage this complex portfolio of programmes and project delivery.

Peers heard that the “ambition is a blessing and a curse.” Balancing the delivery of these large projects whilst continuing to provide core services in the face of a challenging budget position and transformation programme is currently untenable. Partners and stakeholders expressed frustration at the lack of strategic vision, prioritisation and join up between such large infrastructure projects. With conversations taking place separately at the operational and strategic level without coordination or leadership.

The Council needs to develop a clear strategic growth plan which sets out the narrative and priorities for growth in Thurrock. Bringing together all the projects under one programme, aligned with economy, culture, community and wellbeing outcomes. The programme needs a timeline with appropriate milestones, governance, stakeholder engagement, resourcing, outcomes and communications strategy.

Governance arrangements for the growth board are at an early stage with the Chief Executive providing corporate leadership and ownership. The board would be strengthened with representation from “people services” to align with education, health and community services – to ensure social and community/wellbeing outcomes are also secured and delivered as well as physical environmental changes. It would also enable one conversation to take place and move forward at pace.

The scale and skills required is beyond the Council’s current capacity and resources. Partners are really excited about this agenda and want to work with the Council and be part of the journey. Thurrock Council needs to stop putting its hands up and saying, “we’ll do that”, empower others to take the lead, secure help and share the workload. Thurrock doesn’t have to lead and drive everything – in fact, the Council risks excluding willing partners by continually doing this. The benefits of shared services to enable resilience, capacity, extra resourcing and knowledge/skills retention should be considered. Peers also encourage Thurrock to do more work on defining the type of strategic partner it wants to be for growth – for example, direct deliverer, enabler, commissioner, client or hybrid. There are many models which support limited capacity and technical expertise and there is no shame in accepting and welcoming help and support – be open to being open.

Taking the Freeport as an example. As the accountable body Peers understood that retained business rates from Thames Freeport will give the Council opportunity to invest £300m in projects to accelerate levelling-up outcomes in the area. However, the Council needs to consider the impact on its budget profile of forward funding £300m for the business rates. This is a high-risk model to pursue and goes against the backdrop of savings and transformation the Council is currently pursuing and more challenging economic conditions. The Freeport project is momentous and partners are keen to support it. Thurrock Council should therefore consider how the private sector and other local authority partners could help to reduce the risk in a way that demonstrates positive partnership working whilst respecting political locus.

The region strategically supports Thurrock. The Association of South Essex Local Authorities (ASELA) has brought together seven Councils across South Essex to deliver for the region and provide a platform to engage with national government. Over £11m has so far been provided by government for the five pioneer programmes: superfast digital connectivity, Thames Freeport, SEEPARK (South Essex Estuary Park), Infrastructure and housing and South Essex Technical University. The Thurrock chief executive plays a key role in chairing and leading the partnership, but partners would welcome more senior political engagement to strengthen the partnership.

Partners agreed that ASELA is a strategic partnership that can deliver at scale and pace across South Essex unachievable to each of them singularly – the power is in the collective. It was also clear this model of partnership working could be replicated elsewhere and should be promoted outside of Essex.

Thurrock has great examples of community engagement such as the “Your Place, Your Choice” consultation on the Local Plan and with the Princes Foundation in Aveley. The Councils “Inspire” youth service has also developed a [fantastic video](#) for young people to understand the context of Thurrock and the opportunities there are for them. The peer team suggest the Council replicate these projects and develop a communication and engagement plan to engage communities in the ambition for Thurrock. Communities want to know how regeneration; new businesses and the Freeport benefit them. Communicate the opportunities, jobs, skills and the social return on investment.

#### **4.2. Local priorities and outcomes**

There is so much to be proud of in Thurrock and from the Corporate Peer Challenge in 2011 to now, the journey of improvement is evident. The Council works hard to deliver the best services to its residents and this has been recognised and rewarded with many accolades and awards from external bodies.

The Council is delivering high quality services, with Children’s rated good in the 2019 [Ofsted inspection](#) and a recent [focused visit](#) found “Thurrock Council continues to provide effective, responsive services for vulnerable children. Children have remained a key focus for Councillors and they continue to be a corporate priority. Performance in Adults, Planning and Revenues services is also to be applauded as

is the approach to community focussed/based health services. In general performance when compared with CIPFA neighbours is above average in many areas ([LG Inform Report](#)).

The People, Place and Prosperity plan sets out the Councils vision and priorities and is recognised by staff and partners. The Backing Thurrock, Economic Development Strategy, Health and Wellbeing Strategy and emerging Local Plan, interconnect to provide further themed strategic direction. What peers felt was missing was an overarching 'place narrative' for Thurrock. The Statement of Intent, due to be published in summer 2022 and continued work to secure the Local Plan could be the missing links, as long as communities, Councillors, partners and stakeholders are collectively engaged. It must not be a document developed in isolation then presented for consultation. There needs to be real co-design on a shared understanding of what Thurrock will look like in the future and how everyone contributes to achieving this. Thurrock has a strong record in this area and should continue to build on this.

Once the Council has agreed its direction, there must be a rigorous prioritisation exercise. As previously mentioned, there is too much to do and not enough resources or capacity to do it. There is an urgent need to prioritise the workplan and agree what has to be delivered, sequentially and use the transformation programme to shape the Council to deliver this in the most efficient way possible. Thurrock Council should have more confidence in itself and each other so that when the priorities are agreed the council can work as one to deliver.

Although major incidents are planned for, it is never expected that so many would hit one Council at once. The Council's response to the pandemic, people trafficking tragedy, power loss to a residential home and a chemical spillage at a Control of Major Accident Hazards Regulations (COMAH) site, comprehensively tested the Councils skills and resilience. The blue light services in Thurrock praised the Councils "excellent" response and ability to "get things done."

Partners involved in the pandemic response also commended the Council on its swift call to action, setting up Thurrock Coronavirus Community Action (TCCA) with the Community and Voluntary Sector (CVS), supporting schools, care homes, local test and trace, redeploying staff, coordinating briefings and supporting the wider area with

data modelling. The Council really came together and demonstrated how it can work collaboratively, put trust in others and transform at pace.

Thurrock Council has a good reputation for engaging with its communities - "Your Place, Your Choice", Aveley and the Health and Wellbeing Strategy campaign around the Local Plan was well received. Use the Local Area Coordinators and Community Builders to ensure the voice of all residents is heard in strategic planning. Peers also heard that communities want to see the output and outcomes from their engagement, for example from the Local Plan which was some time ago now. It's challenging but keep the momentum and excitement going.

Services want to be more engaged in cross cutting strategies. Consider the added value the growth/economy and inward investment can provide for local communities from involving children's services with the economic development plans. The investment in housing, youth centres and other facilities will help to create a "feel good factor" whilst also meeting the Council's duties under its corporate parent role to help children and families in deprived areas. There was evidence from the Freeport work that opportunities for care leavers and Special Educational Needs and Disability (SEND) learners had already been considered, with apprenticeships and work experience built into the social value offer. This should be celebrated and expanded. However, ensure the demands from the planned economic growth are modelled and fully understood, for example what will be the demands in terms of school places and social care?

Although the Council has an Equality, Diversity and Inclusion Strategic Delivery Plan, this is not fully embedded. There appears to be a focus on delivery targets rather than outcomes. In building the new transformation programme there needs to be a stronger link between activity and how this will reduce inequalities. The staff networks want to be engaged and could add real value to this agenda. This could also be a way of drawing in Children's and Adult's Improvement Plans. Partners felt that some of the reason for this is that the areas of deprivation have improved, but there remain pockets of multi-generation unemployment which need attention, particularly bearing in mind County Lines, Gangs and Anti-Social Behaviour/Youth Violence.

The Council declared a Climate Emergency in October 2019. A positive cross party Climate Change Partnership Group (CCPG) was established to support the

embedding of carbon reduction in all areas of council activity and consider ways to maximise local benefits. The group has solid political support and a small officer team. Despite the pandemic, the group have met and are just a few months away from publishing a delivery plan. Peers encourage the group to continue embedding its work throughout the organisation, tying in engagement with all services and the transformation agenda. It is also worth exploring the strategies of neighbouring local authorities on this agenda to investigate the benefits of joint applications to government for grants and funding.

#### **4.3. Organisational and place leadership**

Thurrock Council has come a long way since 2011 and is now very much outward looking, seizing opportunities (Towns Fund) and expanding partnership arrangements (ASELA, Thames Estuary Growth Board, Thames Freeport and Stronger Together Partnership). The Council has led bids bringing millions of pounds of investment into the borough.

Thurrock is growing at rapid pace and the Council needs to be involved in the many partnership boards to influence the direction of this. Peers heard from partners and stakeholders that whilst the Council is represented at officer level, they want to see more political leadership involved in driving the agenda locally, regionally and nationally.

Thurrock is critical to UK plc, but at present there is no government delivery package. Multiple conversations are taking place with Government departments at many levels, but there isn't a single voice sharing the political vision, opportunities of collective growth programmes and harnessing cross department support and technical/project/strategic resourcing. The scale of what is needed, needs to be underpinned through collaboration and leadership with partners and Government who are willing to offer support.

The retirement of the Director of Place allowed savings to be made by reallocating the functions of the Directorate across other members of Directors Board with the intention of "Place Delivery" becoming a cross-cutting agenda across all areas of the Council. However, with such a huge growth agenda, peers believe this weakens governance and is a risk that has impacted strategically and operationally on the leadership and strategic coordination for growth, including capacity, enabling and

joint conversations locally, regionally and nationally.

Peers recommend a figurehead is identified to lead this agenda with the separation and immediate realignment of strategic place functions (enabling sustainable growth) and place and neighbourhood management functions (front-line place management /operations/ customer services). By grouping these functions in various ways across the organisation currently, it creates confusion for strategic partners, potential missed opportunities for financial and efficiency of front-line services for residents, resilience, capacity and customer focus. Having the right people at the right fora will support the collective empowered leadership sought from the Council.

There is a strong network of CVS in Thurrock however they struggle to understand the vision for the place and are looking to the Council to facilitate the creation of a clear sense of purpose which will drive commissioning decisions - allowing the partners to add maximum value. Ensure this is captured as part of the new Statement of Intent and bring Thurrock together in one place.

Historical relationships between the voluntary sector and the Council have been weakened by Covid. Although the emergency response has been excellent, restrictions on mixing and the impact on officer capacity has meant that some of the business-as-usual work has stalled. This needs reinvigorating with clear organisational leadership which puts the community and voluntary sector at the heart of demand management.

There was a sense from the CVS that there was a reticence to engage with them on the budget position in an open and constructive way. However, they felt that by taking time to celebrate successes they could identify innovative ways of working together to create sustainable models for the future. This should be at the heart of the Public Sector Reform work which is currently at an early stage. The strengths based, community first offer in adults services was quoted as a good example which with further scoping and programme management as part of the Councils “Think Family – Whole System Approach” could be implemented across other services.

Both of these points came down to the time available for officers and Councillors to genuinely engage with the CVS and with residents. Although there are good examples of past community engagement, partners spoke of residents feeling “done to” in terms of decision making but recognised this was due to volume of work and

the fact there is rarely time for collaborative co-design with residents given the pace at which the Council has to work. Partners spoke of working together to build a bridge from successful operational delivery to shared medium/long term planning. Using the new Collaborative Communities Framework, make time to redefine these connections and build up the trust and productive relationships required.

#### **4.4. Governance and culture**

Peers spoke with many officers and Councillors across the Council to understand relationships and behaviours. Views were mixed, “toxic politics” was referenced, but there were also signs of good cross party working, a good example is the climate change partnership group. Overall, there was resounding agreement that relationships needed to continue to be built on to improve the culture of the organisation and Councillors needed to take responsibility for their own learning and development.

Councillors want to receive more information, for example, through briefings such as those provided during the pandemic, which were welcomed. They want to come together more with officers, informally to discuss projects and casework. And they would like to be cited on the outcome of issues fed into the member enquiries portal.

Officers would like to see more medium to long-term strategic planning and annual prioritisation – an issue exacerbated by the cycle of elections in thirds. They need a narrative for the borough – to know what the Council doing and how are they doing it. And to have a collaborative discussion around disinvestments.

In order to achieve these requests, peers recommend the Council makes time for some facilitated political and officer top team development. With separate sessions to understand each other’s roles and responsibilities followed by joint sessions to recognise and acknowledge differences and to build richer trusted relationships. Thought should be given to how to build and develop more informal relationships which will be essential as the Council moves forward with tough decisions. Consideration should also be given to the benefits of all out elections given the direction of travel and need to plan longer term.

The Council operates a Leader and Cabinet form of governance with six overview and scrutiny committees in addition to the usual committees and task and finish



groups. Whilst there was general consensus that this works, there were concerns the number of meetings overall, did not allow enough time for the agendas of each to be fully discussed – there are only two days per month with no meetings. This was specifically raised in relation to the overview and scrutiny committees, with a view fewer committees would allow more time for the remaining ones to meet and consider more items. A review of these arrangements would ensure the Council's political governance is congruent with the Council's delivery vision and ambitions.

Thurrock Council takes a pre-decision scrutiny approach with reports for Cabinet decision going first via scrutiny. Reviewing decisions before they are made provides an important means to influence those decisions and to improve them. However, it appears the original purpose for this process has become confused with the quality of scrutiny variable between committees and many Councillors now see it as a pre-cabinet meeting. The Council would benefit from a review of its governance arrangements to consider:

- the role, relationship and interplay between each element
- more cross cutting portfolios to ensure economic, community, wellbeing, partnerships financial linkages and opportunities are fully realised to support and underpin the sustainable growth and corporate plan ambitions
- clearer and more robust governance and a culture of challenge and scrutiny.

The governance review would also help address concerns the roles of backbench Councillors were being overlooked, with fewer reports to Council for them to participate in and debate. Non exec Councillors also wished to see more detail in public reports to help support their understanding of the challenges facing the Council. Peers recommend the relationships between Cabinet, Scrutiny and Council are clarified, along with the roles and responsibilities of each. Consideration should be given to the role of all Councillors in setting policy, engaging on key decisions such as the budget and ensuring they are on board with the Councils strategic direction – with Councillors accountable for their own actions and behaviours in response to this.

Partners described the Council as “straightforward, candid and focused on delivery”. Peers also heard the phrase “we are doers, at Thurrock we get things done”. This is a good reflection of the Councils culture. However, staff are understandably

exhausted following the demands of the past two years and are now saying, “the doers have too much to do” confirming the point that prioritisation is key to future delivery.

The Council has some great ambassadors within the Corporate Workforce Group and Directorate Workforce Groups (DWG). Peers heard how the groups enable two-way conversation up and down the organisation and effect change. They are also involved in shortlisting the nominations for annual staff awards. Peers encourage the council to keep supporting and developing these groups and complete the roll out of DWG to all directorates/services.

Feedback from the Staff Networks confirmed the Council is engaging with all seven (soon to be eight) groups in terms of shaping key equality, diversity and inclusivity-related work and policies and marking local and national/international events throughout the year. They are keen to build on this by making more significant contributions to Equality Impact Assessments to achieve genuine inclusive growth. Their involvement to date has been sporadic and they would appreciate feedback on their input.

Staff welcomed the Chief Executive’s weekly blog and #TeamThurrock weekly e-newsletter, however, this was seen as top-down communication without a right of reply. It was also mentioned this was not available to staff without IT and that some messages are being heard through the media before corporate communications. There is now a need for staff to hear directly from the Leader and Chief executive, standing side by side, focussing on communicating organisational priorities, the change journey and updates on challenges/next steps with opportunities for staff to engage and ask questions and be part of future problem solving. Exploring ways to deliver such sessions as soon as possible is key to winning hearts and minds.

#### **4.5. Financial planning and management**

The Council’s investment strategy has served it well in recent years raising over £115m, it helped to increase historically low reserves (from £8m to £24m) and even during the pandemic it continued to raise funds, given the nature of the investments (renewable energy). Due to the changes in government rules on how councils can invest, this strategy is now paused. This leaves the Council with significant budgetary pressures over the short to medium term and it feels like the Council is now at a

critical point where the ambition far exceeds the reality of the medium-term financial strategy (MTFS).

In recent years, budgets have been managed and balanced using a mix of underspends, carry forwards and reserves. For 2020/21, Children's services were on budget and other services underspent, with £9m of carry forwards the Council was able to create a buffer going into 2021/22. At Q2 in 2021/22 children's services were overspending, mainly offset by others underspending. There is a £3.3m planned use of reserves. With many one-off mitigations and the use of reserves, the challenge for the Council will be to pull the spend down and manage without the one-off mitigations – although concerningly children's and adults' services told peers they are unable to do this (Thurrock is already among the lowest spending per adult for adult social care across the country.)

The projected draft position for 2022/23 is balanced, by potentially using more reserves than previous years and having a much larger level of savings to achieve. For 2023/24 there is no clear way forward and there are likely to be insufficient reserves available to use. The ongoing use of reserves is also not sustainable or good practice, current projections have the potential to reduce the earmarked reserves to £2.4m by 31/3/23. The Council is currently forecasting a £8.9m gap for 2023/24 and a further gap of £5.4m in 2024/25 that will need to be bridged. This is a sizable gap for the council to bridge in 2023/24 with ongoing measures if it is to get to a sustainable financial position.

Areas of particular concern include:

- Transformation – digital/cross cutting projects (approx. £1.8m). How realistic are they and is there enough detail to support the planned savings? There is a risk that they are not owned and if savings are top sliced will they be delivered for the activity described?
- Centrally held savings - there was differing feedback regarding how the £4m savings from vacancies was treated in the budget.
- Cross cutting savings that appear to be from top slicing - accountability and ownership for their delivery needs to be clear as does their cumulative impact.
- The adequacy of the growth levels for children's and adults in 2023/24

onwards – this is significantly below the expected national level but does appear to take on board the ongoing implications of the 2021/22 in year pressures.

- It appears that no provision is being made for any income losses due to the ongoing impact of covid beyond 2021/22.
- The adequacy of the financial position to underpin the profile of borrowing and business rates growth to sustain the Freeport proposition medium-term sustainable growth plans and projections in the current format.

In addition, there are challenges, similar to many other councils that need addressing:

- Impact of the need to provide Minimum Revenue Provision (MRP) on investments.
- Impact of the adult social care white paper
- Increasing demands and complexity of cases in children's and adults
- Ongoing impact of covid on income and demand pressures
- The opportunity that the Freeport could bring, will bring challenges as it could potentially require borrowing of up to £300m for investments, funded by business rate income. This will further increase the councils borrowing and the risks that brings, while also appearing to be in conflict with a programme of savings across the council and more limited in scope agreements for joint 'financial pooling' and risk sharing partnerships.
- Residential growth projections and how this may support medium-term income through council tax

The Council recognises that significant further work is needed to identify and deliver additional savings that can be achieved through a wider transformation programme. This has led to a mostly financially driven transformation programme which seeks to reduce costs with a narrative largely focused around reducing posts rather than holistically reviewing the organisation and considering future service design. This narrative needs to change.

The limited savings required for 2021/22 (£5.7m) do not require much proactive

action, so the Council does not have a track record to evidence it can deliver savings at scale. Delivering the savings and bridging the gaps in 2023/24 and 2024/25 will require a level of management, control and focus never experienced before. Peers identified this as the number one priority for the directors' board urging them to make the time and space required to understand the detail and work together. The infrastructure and pace needed to ensure the £14.2m savings in 2022/23 are delivered is not to be underestimated. It needs to be everyone's priority not just the finance team. If the savings are not achieved, it adds further pressure and risk to subsequent years.

The Council has a good relationship with its external auditors. There were no qualifications or VFMs last year. There is a good ecosystem around audit and fraud and it is used to support improvement. The Audit Committee works well and is positively challenging but fair. Peers were pleased to hear there is currently one independent person on the Audit Committee but recommend the Council give consideration to adding another with commercial skills to ensure good governance and due diligence around future business cases.

It became clear that not all Councillors fully understood and respected the magnitude of the financial challenge ahead and the difficult decisions and strategy required to address it. For example, Councillors were celebrating the £20m taken out of the capital programme following a fundamental review of the programme, an inconsequential sum given the substantial size of the overall programme (£200m for 2021/22). It is, therefore, essential that all Councillors are appropriately engaged with financial planning to ensure good governance, informed decision making, agreed narrative and solidarity with the challenges facing the Council. Peers recommend informal briefings, further detail in published reports and improved oversight of commercial/investment activity, Thurrock Regeneration Ltd, treasury management and the capital programme. The capital programme monitoring processes need to be strengthened with convincing business cases, approval gateways, effective reporting and a strong programme management office (PMO) function. Due diligence and alignment of financial and programme management reporting are important and crucial for what the council decides to do next.

Peers acknowledge it is a tough financial environment for local government and Thurrock Council have been fortunate to have skilled and entrepreneurial staff who

seized opportunities to raise income, top up reserves and deliver award winning services during austerity. However, the strategy now has to change and the Council is facing the painful decisions that many others have already confronted. You need to make time to focus on the finances, prioritise, ensure everyone is on the same page and deliver the savings for 2022/23 to get on the front foot for 2023/24.

#### **4.6. Capacity for improvement**

The Council refreshed its vision and priorities, People Place and Prosperity in September 2021 to set the direction of the Council. A cross council transformation programme - prospectus for change - is now the key enabler to deliver this strategy and align to the values of PPP.

People are a critical component of this strategy and the Council has developed a range of policies to support its identity and further change over the next three years. Linking to the Customer Services Strategy, Digital Strategy and MTFs, the People strategy details the behaviours, values and skills expected. There is an opportunity following the Peer Challenge to consider how culture, culture change, diversity and inclusion and workforce planning can strengthen the strategy.

Through the Leadership and Management Framework there are the tools to attract and develop talent, succession plan and grow existing staff. The reverse mentoring programme is innovative and has the potential to enhance the Councils equality and diversity programme if fully supported. This along with the Talent Pools will facilitate the Council developing a management culture in line with its new values.

The building blocks are in place to support staff to feel part of the next phase of transformation, for example, the Digital Academy, Change Leads and recognition of the need to have mental health and wellbeing support in place to help staff deal with the change and be part of it. The Council is also taking the results of the Staff Survey seriously and listening to what staff need. The unions reported a positive relationship with the Council although recognising there are challenges ahead for their members.

To date, transformation has been mainly financially driven and led individually by services or through corporate projects. There is now a need to bring together the disparate corporate and service transformation plans into one strategic transformation programme, co-designed with staff and aligned with organisational

priorities. The Directors Board and Cabinet then needs to create the space “Step Back and Look Up” to drive this cross-council transformation plan as one. The delivery of this plan is critical to the realisation of savings the Council needs to achieve. Peers recognise transformation is hard and don't underestimate the challenge Thurrock Council faces in undertaking this.

Councillors and stakeholders need to be engaged throughout the transformation journey and agreeing the process for this upfront will ensure there is the appropriate consultation, buy in, political oversight and governance in place.

Don't be tempted to take out the business intelligence, data strategy and programme management capacity as part of the efficiencies. It may be possible to review this later, but at the moment capacity in these areas is crucial to tracking delivery programmes and the social, economic and community outcomes.

The Council has effective business intelligence functions distributed across the organisation and there are well respected teams in public health, housing, adults and children's services. Whilst recognising the professional specialisms it would be useful to look at the balance of this resource and whether more could be done to strengthen corporate intelligence to hard wire this insight in strategic planning and performance management.

The Council has a strong IT & Digital function however the disparate ownership of IT infrastructure is a limiting factor within the transformation programme. As part of the revised transformation programme there is a need to broaden understanding of the benefits of a digital-first approach in terms of efficiencies from deep integration between key business systems, particularly in terms of data management and improve business intelligence. This needs to be positioned in terms of how these changes could improve outcomes for residents as well as creating efficiencies.

As referenced throughout, Thurrock Council has much to be proud of and is delivering above and beyond what can be usually expected for a single Council. Sadly, the positive communications put out from the Council are often overshadowed by negative local and national media outlets. Consider strengthening corporate capacity around communications (internal/external) to further celebrate success throughout the organisation. Develop a bold proactive communications strategy with a focus on public relations and destination marketing for sustainable growth which

puts Thurrock on the front foot, protects your reputation and reinforces core messages.

## 5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month progress review. This will be a facilitated session which creates space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Rachel Litherland, Principal Adviser for the East of England is the main contact between your authority and the Local Government Association. Rachel is available to discuss any further support the council requires.

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