

25 October 2023		ITEM: 10
Council		
Employment Matter - Assistant Directors of Finance		
Wards and communities affected: All	Key Decision: No	
Report of: Steven Mair – Interim Chief Finance Officer/s151		
Accountable Assistant Director: NA		
Accountable Director: NA		
This report is Public		

Executive Summary

On the 24 August 2023, a report was presented to General Services Committee (GSC) with a proposed revised structure for the Finance department that met the requirements to support the corporate operation of the council, provide the capacity and development to deliver improvement and change at pace and is consistent with the Council's emerging operating model. GSC supported the proposed structure enabling formal consultation to commence.

Consultation took place between 25 August 2023 and 6 October 2023. This report sets out the outcome of consultation in respect of the changes to the senior management structure most notably the inclusion in the new structure of two Assistant Director posts to replace the one post that was originally in the structure. This report was approved at General Services Committee on 10 October 2023.

1. Recommendation(s)

1.1 Full Council are asked to note the decision made by General Services Committee on 10 October 2023 for the addition of an Assistant Director post within the revised structure of the Finance Department.

2. Introduction and Background

2.1 In July 2022 Thurrock Council began dialogue with the Department for Levelling Up Homes and Communities (DLUHC) regarding its precarious financial position. On 2 September the Secretary of State announced that there would be statutory intervention and Essex County Council were appointed as Commissioner with a remit to undertake a Best Value Inspection of Thurrock Council.

2.2 On the 19 December 2022 Thurrock Council issued a s114 notice stating that:

- it would not have the resources to balance its 2023/24 budget.
- it's provisional deficit for 2023/24 was £452m against a budget of £153m.
- it could not return to financial stability or a stable finance position without extraordinary financial support from government.

It was also reported that there were a series of significant financial issues that required improvement and as a result a number of statutory directions were issued.

2.3 The Best Value Inspection report was issued on 15 June 2023 and highlighted a number of key failures that led to the position in which the Council now finds itself. These are numerous and reach well beyond the financial challenges originally highlighted in the section 114 report and include:

- repeated failures from both the delivery of its investment strategy and the delivery of major infrastructure and regeneration projects which have resulted in the loss of substantial amounts of public money.
- an initial failure of officers and members to recognise these failures and attempts to conceal bad news and avoid public scrutiny.
- serious weaknesses in internal control and inadequate corporate governance which was enabled by a dereliction of political and managerial leadership.
- a lack of openness and transparency giving rise to a culture of insularity and complacency, and as a result an inability to learn from previous mistakes and therefore to meet its responsibilities for continuous improvement and best value.

2.4 The BVI report makes a number of key recommendations which impact on this project, most notably the financial directions require the Council to agree an improvement plan to achieve financial sustainability, secure savings, and reduce levels of debt and improve key aspects of its financial management.

2.5 Whilst this restructure focuses on the Finance Department's capacity and development the response will need to be much broader and focus upon the cultural and overall improvements and change taking place as a response to the BVI report.

2.6 Corporately the Council's response is currently being co-ordinated through its Improvement and Recovery Plan (IRP) which is supported by a comprehensive programme and project management structure. Regular reporting is undertaken to the Improvement and Recovery Board and the supporting boards most notably the Finance Recovery Board. The Financial

Sustainability theme will receive regular updates and progress monitoring on this project.

Finance Department Proposed Structure

- 2.7 The Chief Executive undertook a restructure of the senior management team at the same time this exercise was being undertaken. The Finance structure reflects the changes within the final version of the Chief Executive's senior management structure as approved by GSC on 24 August 2023.
- 2.8 The revised structure reflects the new operating model and organisational structure created by the Chief Executive through its split of finance into a corporate element and financial management with a focus on Departments which will naturally move into working with services at community and other levels. It is also designed to create additional capacity and development within the service to meet current and future financial challenges; to develop staff and grow our own for the future as part of the development of a financially sustainable Council and a vision of a top-class finance function.
- 2.9 The Council's Improvement and Recovery plan (IRP) includes a number of key themes and workstreams which are specific to the Finance function and this report will realign the current structure and operating model, to ensure that we have the right foundations for the medium and long-term future of the service, and to enable the authority to deliver on the scale and complexity of the change agenda.

Reason for the Service Change / Restructure

- 2.10 The financial situation in Thurrock Council is a matter that requires whole Council change. Ensuring there is significant change within financial services is also fundamental to addressing the challenges the Council faces, if it is to be able to deliver on the requirement from DLUHC to achieve financial sustainability. There is an urgent need to review and build on the skills, expertise, capacity and ambition of the Department. This is recognised in the IRP.
- 2.11 The reasons for the introduction of an additional Assistant Director within the service are twofold:
- firstly, to add much needed additional capacity to enable the departmental leadership team to provide a more strategic approach to delivering the responsibilities of the department. And in doing so to allow the space to enable the future development and strategic direction of the service to take place in a more pro-active manner. In relation to statutory areas such as financial strategy and planning, financial reporting, internal audit, risk management, insurance and also in the part of the Department supporting front line services
 - Secondly, to ensure there is an Assistant Director with clear focus and accountability for supporting the enabling council operating model with the financial management advice, decision-making guidance and

support for procurement and contract management activities that will be required to deliver future financial sustainability.

- 2.12 The move to an enabling council will be transformative and likely require further reviews of the staffing structure and ways of working in the coming years if the change is to bear fruit. The structure proposed is designed to stabilise the current position whilst recognising the potential impact of changes on the way the council operates in the future ensuring that there is a clear distinction between the strategic corporate support as opposed to the operational financial management activity.
- 2.13 The restructure plan has been worked on since May. The project involves review and development of a comprehensive departmental business plan, development of a new organisational structure chart, revised job descriptions, grades and job titles, assessment of additional costs, development of a revised departmental budget with comparative benchmarking to support the new structure. Formal consultation took place from late August, and input has been obtained from the current departmental management team and all staff to inform this process.
- 2.14 The work has provided a structure that will underpin the future sustainability of the finance service. Whilst the restructure takes place temporary resources have been put in place to assist and address the pace and quantum of action that is needed in the short term to ensure a balanced budget for 2024/25. These additional resources are not included within this project.
- 2.15 The restructure is one element of the review of the service that is taking place through to March 2024 if the service is to achieve its aims and ambitions. The wider review will encompass:
- assessment of capacity
 - development work with staff at all levels including leadership and technical skills
 - preparation of service business plan, actions plans and personal and team development areas such as:
 - review of the structure
 - review of the Job Descriptions
 - preparation of succession plans, training and development plans, communication plans, trainee and apprenticeship schemes, continuous improvement team, peer and other working, service standards – among other matters
- 2.16 Recently recruitment into positions within the team has been difficult and there are a number of agency staff within the service. A recruitment plan will be put in place following the restructure which will consider a wide range of options

including the potential for partnering opportunities in appropriate circumstances.

- 2.17 To underpin future sustainability it is envisaged that there will be a focus on succession planning including growing our own through apprenticeships and a number of graduate trainees will continue to be built into the structure. Skills analysis will be carried out with existing staff to identify strengths and any gaps which we will ensure are covered through appropriate training and development plans with the aim of developing existing staff and encouraging retention through continued personal development.
- 2.18 Digital development within the service will be encouraged as soon as there is sufficient appropriate resource to begin the necessary action to secure the Council's long-term future.

3. Proposed Structure

- 3.1 Appendix 1 shows the structure chart at the senior management level including the introduction of the two Assistant Director posts to replace the one post that was in the previous structure. There has been the addition of one post at Assistant Director 3 level.

4. Implications

4.1 Staffing Implications

- 4.1.1 The spans of control have been reviewed in line with suggested best practice and comply with the corporate expectations of no fewer than 4 and up to 7 direct line reports. All spans of control are reasonable in line with the corporate principles.
- 4.1.2 The proposal is to increase the number of Assistant Directors by 1 FTE creating two posts – Assistant Director Financial Management and Procurement, and Assistant Director Strategic and Corporate Finance, (Risk, Audit and Insurance). The current Assistant Director has been acting up as s151, but this ended on 1 September following the transfer of this responsibility to the Interim Chief Finance Officer. As a result of the restructure he will be assimilated into the Assistant Director Strategic and Corporate Finance, (Risk, Audit and Insurance) post. The second post will be part of the external recruitment process being undertaken by the Chief Executive during October and November. Current senior staff within the service will have the opportunity to apply for this role against external competition.
- 4.1.3 The proposal aims to re-balance the senior manager structure to improve both the balance of leadership responsibilities whilst rationalising the current structure and grades below Assistant Director level. The change allows increased capacity for strategic overview and planning to take place. The new structure takes into account the requirements of the new operating model being developed across the council and most importantly the significant extra

workload impacting senior finance staff due to the intervention process. It also recognises the generally lower numbers within the function compared to other councils and seeks to remedy this capacity issue.

5. Council wide Implications

5.1 The services contained within scope are fundamental to the Council achieving future financial sustainability.

5.2 The proposal and the consultation will also support the Council with additional capacity to explore the potential for new ways of working and ideas for change which are being considered in the work on the revised operating model. It will also facilitate the possibilities of deploying digital solutions and where appropriate the use of future partnership working to maximise economies of scale in areas where benefits can be obtained or where it is difficult to recruit.

5.3 Financial Implications

5.3.1 Table 1 below sets out the financial implications of the proposal. The current costs in the base budget are for one Assistant Director (AD5) is £102,500 (£136,709 with on costs), the cost of implementing the proposal will increase costs by one AD3 post which costs £95,000 plus on-costs (£123,500). The comparison does not include the additional costs that have been paid to the current Assistant Director to reflect the additional workload since the departure of the previous Chief Finance Officer and as a result of the intervention programme.

Table 1 – Financial Implications

Current Position	Grade	Salary £	Total Cost incl 30 % on cost £
Assistant Director	AD5	102,500	136,709
New Position			
Assistant Director Strategic and Corporate Finance, Risk, Audit and Insurance	AD4	102,500	136,709
Assistant Director Financial Management and Procurement	AD 3	95,000	123,500
TOTAL CHANGE	+1	95,000	123,500

6. Consultation / Change Process

6.1 The consultation process began on 25 August and was due to run until 27 September but was extended to 6 October as a number of people could not attend the original presentation date. A further presentation was held on 7 September to accommodate those who could not make this initial meeting. In addition, all staff including the current Assistant Director have had opportunity to comment on the consultation via a dedicated Finance Consultation inbox and have been engaged into one-to-one meetings in order to air their views and suggest alternatives.

7. Implementation Timescale

7.1 It is intended to implement the change immediately to enable the Chief Executive to begin the recruitment process at the earliest opportunity.

8. Statutory Comments

8.1 Financial

Implications verified by: **Steven Mair**
Interim Chief Finance Officer

8.1.1 The costs of employing an additional Assistant Director are shown in table 1.

8.1.2 The new structure will be fully allowed for in the budget for 2024/25.

8.2 Legal

Implications verified by: **Asmat Hussain**
**Interim Director of Legal and Governance/
Monitoring Officer**

8.2.1 This proposal recommends a new Assistant Director post for the Finance Department that is designed to lead the Council into the next phase of its new operating model, following periods of substantial change.

8.2.2 The restructure has been carried out in accordance with the Council's established employment procedures. The key policy containing the relevant detail on the restructure process, is the "Change Management policy". In line with this, meaningful consultation has been carried out and responses from staff along with recognised unions have been considered when establishing the final structure. Particular attention has been given to the impact on staff with disabilities and those who are pregnant, on maternity, adoption or shared parental leave.

8.2.3 Dismissal for any officers should be conducted in line chapter 10 of the

Constitution. In respect of any further recruitment, this should be supported by HR colleagues to mitigate the risk of any potential litigation. There are no dismissals at Assistant Director level as a result of this restructure.

8.2.4 It should be noted that staff on fixed term contracts with two years' service will have qualifying service for a claim of unfair dismissal and therefore termination of employment where required, should follow a fair process.

8.3 **Diversity and Equality**

Implications verified by: **Becky Lee**
Team Manager Community Development and Equalities

8.3.1 An equality impact assessment will be carried out as part of the process.

8.3.2 For all those at risk the Council's Change Management Policy will be applied with alternative roles explored where appropriate to minimise any redundancies.

8.3.3 There are no other direct diversity of equality implications arising from this report.

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

8.4.1 None arising.

9. **Appendices to the report**

Appendix 1 – Proposed Structure

Report Author:

Steven Mair

Interim Chief Finance Officer

APPENDIX 1 PROPOSED STRUCTURE

