

# Southend-on-Sea Borough Council

Agenda  
Item No.

Executive Director (Finance & Resources)

To

Cabinet

On

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Report prepared by:

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## Enabling Major Projects and Recovery

Policy and Resources Scrutiny Committee

Cabinet Member: Councillor Ian Gilbert and Councillor Ron Woodley  
Part 1 (Public Agenda Item)

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### 1. Purpose of Report

To reconfigure existing and secure additional resources to enable delivery of the Council's major projects and recovery journey, to support the delivery of the 2050 Ambition, refreshed roadmap, outcomes, administration recovery priorities and to support the financial challenge faced by the Council to ensure that the Council's corporate support is appropriately resourced for the future.

### 2. Recommendations

That Cabinet;

- 2.1 Approve the additional permanent resources required for this increased staffing capacity of 10 FTE at a revenue impact of £497,000 pa and to be included as part of the budget setting for 2021/22 onwards;
- 2.2 Approve that the estimated requirement to establish the new arrangements and any part year effect of recruitment up to £150,000 in 2020/21 is to be funded from the Business Transformation Reserve;
- 2.3 Note that consultation will be undertaken with the officers affected in line with employment law and the Council's HR Policies;
- 2.4 Note that a combination of internal and external recruitment will be arranged to fill the posts required.

### **3. Background**

#### **Context, Rationale and Proposal**

3.1 The Council has set out its ambitions for the future recovery and growth of the borough through the 2050 Ambition, refreshed roadmap, key outcomes and administration priorities. This represents an ambitious and challenging short, medium and long-term agenda for the Council that requires appropriate corporate resource to ensure its delivery. Southend-on-Sea's recovery and growth depends on the successful implementation of several key projects including:

- Addressing the Council's medium term financial sustainability challenge
- Achieving the key milestones contained within the Southend 2050 refreshed road map and priority outcomes
- Airport Business Park
- Delivering our climate change agenda and local ambition
- Regeneration of the High Street
- Seaway Development
- Better Queensway Programme
- Roots Hall/Fossets Farm Development
- Delivering our extensive Housing and Regeneration Pipeline, through a combination of in-house development, PSP Southend LLP and various bespoke joint ventures
- There is also an urgent requirement to lead or partner in several complex procurements as well as the re-tendering and re-commissioning of existing council contracts to ensure better outcomes and value for money for local taxpayers.

3.2 The Council is facing a significant financial challenge over the medium term and it will be essential that appropriate staff capacity is in place to support and advise the organisation in working towards a financially sustainable position over that period. Key areas of this work will include a new commercial focus, a comprehensive value for money and benchmarking assessment of all services, business case appraisals for future investment, the implementation of a Council wide electronic contract management system, improving productivity and efficiency across the organisation and the need to provide effective financial management insight and support to all services. These changes, opportunities, new requirements and challenges faced by the Council come with risks that the Council needs to be aware of to inform its strategy and effective decision making.

3.3 Given the current financial situation for the Council, additional resources is not something which is sought lightly, however, securing the right skills, capacity and expertise will be essential for these services to support the proposed organisational changes and the delivery of the major projects identified. These additional resources will also enable the Council's drive towards financial self-sustainability by ensuring a clear, robust and more business focused approach is taken to the delivery of services and projects. This will help to reduce costs in key spending service budgets and enhance the drive to setting a sustainable Council budget by improving efficiency, productivity and value for money.

## Property and Commercial

- 3.4 Whilst a small development co-ordination team is proposed, the principle behind this is that the core team identified (which includes most of the current Better Queensway Project Management Office (PMO)) is incorporated in to a new PMO to co-ordinate the delivery of the wider Housing and Development Pipeline. This arrangement will draw on resource from across the organisation, as is currently the case for Better Queensway but also bring in and co-ordinate additional resources across further projects as their progress demands to ensure that learning is captured and developed, resource is flexibly allocated and projects are appropriately resourced throughout their delivery programme. The development element of the structure will be matrix-managed with regular reporting into the Directors for Property & Commercial, Regeneration and Business Development and Housing Delivery to ensure a truly corporate approach to the numerous and significant projects due to come forward. This resource will be supplemented with project-specific resources as required so that the capacity and skills of the team can be flexed to meet the demands.
- 3.5 Covid-19 and the Council's recovery plan will include a deep and thorough review of the way in which services are delivered and this in turn will have far reaching property and asset management implications. It will also require additional resource in to the Transforming Together change programme (TT), including WorkLife, as the Council transitions to become a more agile council in the long-term, fully embedding and developing the successes captured through the changes imposed during the pandemic and co-delivering change across the organisation. This will require close working and collaboration across the Council and in particular with the TT, ICT and Workforce Development teams through an agile and matrix-managed approach. This work will sit alongside further asset management analysis to map and deliver the necessary changes in the corporate estate to support the transition for the Council whilst ensuring the estate remains relevant, fit for purpose and appropriately sized and located.
- 3.6 The importance of commercialising the Council is also critical to charting a route through the financial challenges of Covid-19 recovery and generally. This workstream sits very neatly with WorkLife and enables the changes in service delivery and the way we work generally to also pick up the wider commercialisation agenda which is why the proposal brings together these two important areas with a modest additional supporting resource being proposed.
- 3.7 CIPFA was recently invited to review the property structure and resource in its entirety and as part of that work, it identified that compared with other organisations of a similar scale that *"The Strategic Asset Management function, Estates Management and Data Management are all under-resourced"*, commenting that *"the number of staff engaged on strategic asset management is very low....dedicated resource [is] required for this"*.
- 3.8 CIPFA also observed that *"Estate management staffing [is] light compared to other Councils even after considering vacancies"* and commented that the estate could do with more strategic challenge yet there is no resource to do this currently.

- 3.9 It is increasingly important that good quality property data is maintained and used to inform property and occupancy related decisions and this is a further area identified as being under resourced. CIPFA have commented that *“the Property Information Officer post vacancy needs addressing quickly as it’s consuming resource from other under-resourced areas”*.
- 3.10 The proposals increase the number of Full Time Equivalent (FTE) posts in scope across Asset Management, Development, Better Queensway and WorkLife from 8 to 12.

## Finance

- 3.11 The financial management and business partnering function has struggled with capacity and the recruitment of permanent staff over the past 18 months or so. Given the range of financial challenges faced by the Council it is critical that sufficient capacity, capability and commercial expertise is permanently secured to support the Council’s ambitious agenda. The Council is striving to achieve long term financial sustainability in a very uncertain and challenging operating environment. Providing appropriate financial challenge, commercial insight, support and high-quality advice to all Council services, whilst also enhancing other public and private sector investment into the local area will be essential ingredients for future success.
- 3.12 The Council’s existing accountancy business needs to be reconfigured and refocused. This will require additional permanent resources to support the implementation of the key Housing and Development Pipeline, the 2050 Ambition, Major Projects and the delivery of better value for money outcomes for local residents. There is a need for extra capacity to support our local Climate change agenda to enable greater development and assessment of relevant revenue and capital business cases for investment. Specific dedicated financial expertise is also required to support our housing agenda, adult social care business and a new role to facilitate a greater emphasis on financial sustainability, commercial awareness and driving up value for money, efficiency and productivity across all services through the ‘Knowing Your Business’ programme.
- 3.13 The Council is experiencing significant financial challenges in Adult Social Care and Children’s Social Care, which is not uncommon across the whole of the local government sector. Additional specific dedicated financial support and advice is required in these areas to help turnaround the financial pressures being experienced. In addition, the requirements placed on the Council to deliver new housing at a significant annual rate needs appropriate professional financial assessment and advice on the various funding approaches that can be adopted and that relevant business cases are robustly assessed to protect the council.

- 3.14 To support delivery of these ambitions new focussed leadership of financial services is needed and the accountancy business requires three new Finance Business Partners (Housing, Adult Social Care and Corporate) to be created. It is estimated that additional resources will also be required to cover potential job evaluation changes for some existing roles. The new structure will complement the existing strengths and talent across the teams, supporting their professional development and encouraging them to reach their full potential.
- 3.15 The combined resources will enable specialist expertise to be targeted to the delivery of major projects and provide expert challenge and advice to all Council business leaders. The proposed combined package will lead to the creation of a new Assistant Director of Financial Services role to replace the current Head of Corporate Finance, 3 new Specialist Finance Business Partner roles and the deletion of 1 existing Senior Finance Business Partner position. This will increase the team by a total of 2 FTE. The proposals should help to attract and retain appropriately qualified and experienced finance professionals, which will also help to avoid / minimise the reliance on consultancy and interim specialist support.

### Procurement

- 3.16 It is essential given the number of ongoing major projects that Corporate Procurement is adequately resourced to support the business generally and oversee delivery of the existing revenue and capital funded projects within the Procurement Pipeline Plan and the Council's Capital Programme. Alongside this is the need to resource and successfully deliver and embed the Corporate Electronic Contract Management system which will ensure existing and new contracts are managed to a high quality and that the expected outcomes and value for money are realised. Over time, this project is expected to realise savings by securing improvements to how the Council commissions as well as how it negotiates, and evidences changes to contracts. Additional resource will ensure that Corporate Procurement can support the delivery of;
- Major Capital Projects / procurements
  - Major Revenue procurements
  - Driving Social Value with current and new suppliers through commissioning (working alongside the Redundancy Taskforce) to increase local employment opportunities and recruitment post and during COVID Recovery
  - Forward planning via the 3-year Procurement Pipeline plan
  - Focussed work with ICT on 100+ projects around systems' rationalisation across the Council- this again is expected to deliver efficiencies
  - Ensuring Southend 2050 outcomes are being delivered and embedded through commissioning and procurement processes.
- 3.17 To successfully deliver this programme 2 FTE roles are required within the Procurement Team to drive the following:
- Electronic Contract Management System and Delivery of the Contract Diagnostic recommendations
  - A temporary funded role to become a permanent role as opportunities to streamline and deliver savings through how we purchase ICT hardware, software, peripherals etc.

## Internal Audit

- 3.18 The expected requirements of the internal audit service in the future continue to evolve and the impact of Covid-19 is causing further consideration to take place. There is a growing requirement for better collaboration between risk functions (risk management, internal audit, procurement compliance and other risk functions) as organisations evolve to embrace the changes generated by the digital revolution. Risk functions are now being expected to be active participants, helping to achieve and protect the value of the organisation.
- 3.19 Risks are becoming increasingly complex and interconnected, and without close risk function collaboration it is possible that blind spots to risk will arise for key stakeholders in the organisation that can then impact on strategic, financial and operational initiatives, such as delivery of the 2050 Ambition, the associated outcomes, major projects and organisational transformation and change. Covid-19 and the Council's recovery plan is including a thorough review of the way in which services are delivered and this in turn will have risk and control implications that the Council will need to be aware of and make decisions about. As the Council's expectations about delivery of the 2050 Ambition increases, and it becomes ever more creative in its ways of working and the things it is trying to do, the risks associated with that are going to increase. That is not necessarily a bad thing, but does need to be done with a conscious awareness of that and what (if anything) we are going to do about it to keep the Council as safe as we can while doing these exciting things, and the Council transforms to become a more agile organisation, embedding and developing upon the achievements driven by the response to the pandemic.
- 3.20 The Council began to increase the connection of these elements by transferring responsibility for corporate risk management to the Head of Internal Audit and this has resulted in a new Risk Management Policy Statement and Strategy being approved by Cabinet. To implement, deliver and obtain the benefits of the updated strategy requires the introduction of some dedicated specialist, resource into the team through a Risk Management Officer, who would be able to support and challenge managers across the organisation to ensure they have properly considered and are aware of the risks they are facing and are inherent in their decisions and what mitigations / arrangements they have in place to prevent them from crystallising. Or whether they are consciously accepting the risks and are fully aware of what that could mean.

## Legal

- 3.21 There is an increasing requirement for legal support across a range of key regeneration projects such as Better Queensway, Seaway, Fossets etc. External legal advice is frequently required to support such projects and the cost is usually part of the capital budget to take these schemes forward. This arrangement will continue to ensure that the appropriate legal advice budget requirement is applied to the key regeneration schemes both existing and new ones.

- 3.22 In addition, a variety of one-off specialist legal advice is required throughout the year. Such work is responsive, rather than planned, and might include complex employment matters or contractual issues (e.g.TOVI plant). Essex Legal Services or external lawyers are then engaged to undertake this work. Such ad hoc specialist external legal advice needs to be funded as and when the one off issues arise and is individually assessed.
- 3.23 Separately, there is the need for additional in-house capacity to progress work for Covid-19 recovery and other routine project work across a range of Council services to ensure that timelines and delivery of projects is met. As an example as part of the Better Queensway project there is funding already approved for a solicitor to be engaged with regeneration experience - and expertise in contracts and procurement. The additional in-house solicitor post required will be to assist this post and support generally across the team including litigation and assisting with case work. In due course these additional posts should reduce the reliance on external support, be more cost-effective and provide internal resilience.

**4. Approach to organisational design**

- 4.1 The principles for the reconfiguration of corporate management are also to be followed that:
  - officer structures need to be flexible and able to scale when necessary
  - resource and skill flows to where the work and system demands
  - structure can adapt in an iterative way
  - the structure facilitates collaborative working and relationship building
  - matrix management is an important part of how we manage our resources.

4.2 The proposal will also need to align to the organisational design criteria set out previously and for ease of reference are as follows;

Criteria
Establish consistency in layers and spans of control
Future design/shape of teams will: <ul style="list-style-type: none"> <li>• Align behind 2050 delivery</li> <li>• Maximise innovation and technology</li> <li>• Use co-design and collaboration as a default (e.g. citizens, partners, members)</li> <li>• Build in flexibility and agility</li> <li>• Use a strength/asset based approach</li> <li>• Apply learning and research from others</li> </ul>
Apply organisational layers between 4-6
Apply organisational spans of control between 4-8 ( this might be higher depending on the nature of the work e.g. high volume, transactional functions may be as high as 20)
Push decision making to the lowest/safest level
Apply groupings to mirror job families e.g. Strategic, operational etc ( we will need to revisit these headings when the job family project is revisited)
Encourage self-managed teams and matrix management

- 4.3 In particular the proposal aligns behind the 2050 Ambition, refreshed roadmap, outcomes and administration recovery priorities, enables a strength-based approach through a flexible resource to enable focus on organisation and collective priorities with several core elements being built around the principles of co-design and matrix management.

## **5. Other Options**

- 5.1 None, or less additional resource could be agreed for these key areas. The risk with this option is that the service areas will continue to be under resourced and will not be well placed to drive and support the significant growth ambitions and recovery priorities of the Council and also to meet the significant financial challenge we now face over the medium term.
- 5.2 A reduced ambition and less priorities could be considered which could be met from within existing resources. The Council has however fully committed to the delivery of the 2050 Ambition, refreshed roadmap, outcomes and administration recovery priorities and is relying on these to drive the future recovery and growth of the Borough forward.

## **6. Reasons for Recommendations**

- 6.1 The recommendations enable the proposals and rationale for the proposals set out in section 3 of the report to be implemented. The recommendations enable, subject to successful recruitment, the Council to resource the corporate enabling services to manage services more effectively and to provide the required advice and support the organisation requires.

## **7. Corporate Implications**

- 7.1 Contribution to the Southend 2050 Ambition, refreshed Road Map, outcomes and administration recovery priorities.
- 7.2 Financial Implications

The proposed new arrangements would mean a total additional gross cost of £794,000. Some of this cost can be met through the Housing Revenue Account (HRA) and through the Capital budget. This funding amounts to £50,000 for the HRA and £247,000 for the Capital budget. This means that there is a net additional requirement on the revenue budget of £497,000 in a full year. For 2020/21, there will be a part year effect of circa £150,000.

The number of FTE across the teams below will increase from 78.08 to 88.08

	Total (£000)	Revenue (£000)	Capital/ External (£000)
<b>Current Staffing Budget across areas</b>	<b>4,331</b>	<b>4,281</b>	<b>50</b>
<b>New Requirements</b>			
Property & Commercial	410	153	257
Finance	160	120	40
Procurement	108	108	0
Internal Audit	53	53	0
Legal	63	63	0
<b>Additional Request</b>	<b>794</b>	<b>497</b>	<b>297</b>
<b>Total Full Year</b>	<b>5,125</b>	<b>4,778</b>	<b>347</b>

All budget figures are expressed inclusive of on-costs (pension and National Insurance).

The permanent funding in the table above will have a part year impact in 2020/21 and there will be some requirement to support the establishment of the new arrangements. An estimated requirement of £150,000 may be required and this can be met from the Business Transformation Reserve. The full year revenue impact of £497,000 will need to be included as part of budget setting for 2021/22 onwards.

The additional resources will over time also support the organisation to deliver savings, highlight new areas for review/reduction, identify cost avoidance opportunities in key services, establish and embed a more commercial and business orientated approach across the council with the intention of having a financially sustainable budget over the medium term.

The proposed additional resources explain will result in some service redesign and changes however it is not anticipated that this will result in any compulsory or voluntary redundancies. Primarily it is a growth strategy to support the Council to meet the demands of the financial challenge facing the organisation, the recovery journey from Covid-19 and to work towards the delivery of Southend 2050 outcomes.

### 7.3 Legal Implications

Employment law requires consultation with the officers affected by the proposals.

No Chief Officer Posts are affected having been established following the reconfiguration of corporate management at the end of 2019 therefore subject to agreement of the recommendations, all recruitment can be completed by the relevant officers.

#### 7.4 People Implications

The People implications are set out in this report. The impact on existing posts is limited as this is a necessary growth area where additional resource is required to deliver the challenging agenda.

#### 7.5 Consultation

Initial conversations have taken place with the teams directly affected by these proposals and will continue as part of any formal consultation process required

#### 7.6 Equalities and Diversity Implications

The Council's Human Resources policies which will be used to implement the new arrangements have been subject to the necessary equality analysis.

#### 7.7 Value for Money

One of the priorities within procurement and commissioning is the delivery of value for money and so to ensure best value, social value returns, high quality contract management and the delivery of the 2050 outcomes we need sufficient skills and resource to deliver this.

As mentioned above, Cipfa's review of the Property and Commercial area identified some areas which they demonstrated are under-resourced. These areas will be important in enabling the Council to right-size and rationalise its commercial and operational estates going forward, to improve data and support commercialisation and major projects.

### 8. Appendices

None