

Public Document Pack

Notice of Meeting

West Surrey Shadow Authority Standards Committee – Supplementary Agenda

<u>Date and Time</u>	<u>Place</u>	<u>Contact</u>
Monday, 2 November 2026 at 2.00 pm	Council Chamber. Council Offices, Knowle Green, Staines-upon-Thames TW18 1XB	Democratic Services committeeservices@spelthorne.gov.uk

Membership	
Name	Ward
Councillor Jane Austin	Waverley Eastern Villages
Councillor Chris Bateson	Staines
Councillor Harleen Boparai	Staines South & Ashford West
Councillor Steve Greentree	Knaphill & Goldsworth West
Councillor Jonathan Hulley	Thorpe, Longcross & Ottershaw
Councillor Nirmal Kang	Heatherside & Parkside
Councillor Sarbie Kang	Camberley West & Frimley
Councillor Scott Lewis	Woodham & New Haw
Councillor Carl Mann	Thorpe, Longcross & Ottershaw
Councillor Louise Morales	Woking South
Councillor Isabel Mullens	Egham
Councillor Rory O'Brien	Sunbury Common & Ashford Common
Councillor Joanne Shaw	Guildford East
Councillor Sally Shorthose	West Surrey Shadow Authority
Councillor Richard Wilson	Bagshot, Windlesham & Chobham Ward

SUPPLEMENTARY AGENDA

Page nos.

6. Terms of Reference of Audit and Governance Committee

Verbal Update

7. Budget Procedure Rules

1 - 20

The Committee is asked to:

1. Approve the Budget Procedure Rules, as attached at appendix 1 to this report, including the tracked changes, and recommend approval of the Rules to the Shadow Authority for inclusion into the West Surrey Shadow Authority Constitution with immediate effect,
2. Approve the Budget Setting Protocol, as attached at appendix 2 to this report, and recommend approval of the Protocol to the Shadow Authority for inclusion into the West Surrey Shadow Authority Constitution with immediate effect,
3. Approve the Budget Procedure Rules and the Budget Setting Protocol, attached as appendix 1 as amended and 2 to the Shadow Authority in due course, for inclusion in the West Surrey Council Constitution, to be effective from 1 April 2027; and
4. Recommend to the Shadow Authority that a delegation be given to the Monitoring Officer to make minor and administrative amendments to the Budget Procedure Rules and the Budget Setting Protocol, and any consequential changes required elsewhere in the Constitution as a result of their adoption.

8. Company Governance Protocol

21 - 66

The Committee is asked to:

1. Approve the Company Governance Protocol, attached at appendix 1 to this report, and recommend it to the Shadow Authority for approval and inclusion to the West Surrey Council Constitution with effect from 1 April 2027; and
2. Recommend to the Shadow Authority that they delegate authority to the Monitoring Officer to complete Appendix A to Appendix 1 in due course, with the relevant Company interests of West Surrey Council and make necessary or appropriate minor amendment to the Company Governance Protocol and

any other consequential amendments needed elsewhere in the Constitution.

9. Contract & Procurement Procedure Rules 67 - 132

The Committee is asked :

1. to recommend the proposed Procurement and Contract Procedure Rules, as amended by the Constitution Working Group, to the West Surrey Shadow Authority for approval and adoption into the West Surrey Council Constitution with effect from Vesting Day.
2. Delegate authority to the West Surrey Monitoring Officer to amend the Procurement and Contract Procedure Rules, in line with the resolution of the Standards Committee, and make any other minor and administrative amendments necessary.

10. Council Procedure Rules 133 - 158

The Committee is asked:

1. to agree the proposed Council Procedure Rules and recommend them to the Shadow Authority for approval and inclusion in the Constitution for West Surrey Council effective from Vesting Day; and
2. To delegate authority to the Monitoring Officer to make minor and administrative amendments.

11. Finance Procedure Rules 159 - 192

The Committee is asked to:

1. Endorse the proposed Financial Procedure Rules attached as appendix 1 to this report, as recommended by the Constitution Working Group, and recommend them to the West Surrey Shadow Authority for approval and inclusion into the West Surrey Constitution, from Vesting Day.

12. Licensing Function 193 - 218

The Committee is asked to:

1. Approve Appendices 1 to 3, subject to any suggested amendments by the Constitution Working Group.

13. Post Vesting Day Scrutiny Arrangements

219 - 228

The Committee is asked to:

1. Recommend to the West Surrey Shadow Authority the approval and inclusion in the West Surrey Council constitution, of the Overview and Scrutiny Structure, with effect from 1 April 2027; and
2. Subject to approval, authorise the Monitoring Officer to make the required changes to the Constitution as a result of the proposed structure being approved.

West Surrey Shadow Authority		
Report title: West Surrey Council: Budget Procedure Rules and Budget Setting Protocol		
Report to: Constitution Working Group Standards Committee		
Date: Constitution Working Group – 29 October 2026 Standards Committee – 2 November 2026		
Executive Portfolio Holder: Cllr Victoria Kiehl & Cllr Leslie Rice		
Report of: Susan Sale, Monitoring Officer (interim)		
Report author(s): Susan Sale, Monitoring Officer (interim)		
Wards affected: All Ward councillors informed: No		
Exempt from publication: No		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	N/A	N/A
Equalities Impact Assessment complete	N/A	N/A
Implementation Team Leader (or their delegate)	N/A	N/A
S151 Officer	Susan Sale on behalf of Vicky Radford	23 October 2026
Monitoring Officer	Susan Sale	23 October 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl Cllr Leslie Rice	23 October 2026
Committee Chair consultation	Cllr Richard Wilson Cllr Joanne Shaw	23 October 2026
Head of Paid Service	Susan Sale on behalf of Andy Brown	23 October 2026

1. Executive Summary

- 1.1** The purpose of this report is to agree the Protocol and Procedure Rules for setting the Council's budget and council tax including proceedings at the February Budget Council meeting of the Shadow Authority, in order to facilitate the decision-making process.
- 1.2** If the Protocol and Procedure Rules are endorsed by the Constitution Working Group, and recommended by the Standards Committee for approval and formal adoption into the Constitution, the Shadow Authority shall be asked at their next meeting to adopt the Protocol and Procedure Rules into the West Surrey Shadow Authority Constitution with immediate effect, to be used at the February 2027 Budget meeting when the 2027/28 Budget shall be considered.
- 1.3** Further proposals, which may well be the same or similar, will be brought forwards to the Shadow Council in due course for the Council to approve arrangements for the post Vesting Day version of the Constitution, to be implemented from 1 April 2027 and used in February 2028 for the 28/29 budget setting process.

2 Recommendations:

- 2.1** That the Constitution Working Group:
 - 2.1.1** **Considers the Budget Procedure Rules, as attached at appendix 1 to this report, and either endorses them or makes amendments before endorsing them, and recommending them to the Standards Committee; and**
 - 2.1.2** **Considers the Budget Setting Protocol, as attached at appendix 2 to this report, and either endorses them or makes amendment before endorsing them, and recommending their them to the Standards Committee.**
- 2.2** That the Standards Committee resolves to:
 - 2.2.1** **Approve the Budget Procedure Rules, as attached at appendix 1 to this report, including the tracked changes, and recommend approval of the Rules to the Shadow Authority for inclusion into the West Surrey Shadow Authority Constitution with immediate effect; and**
 - 2.2.2** **Approve the Budget Setting Protocol, as attached at appendix 2 to this report, and recommend approval of the Protocol to the Shadow Authority for inclusion into the West Surrey Shadow Authority Constitution with immediate effect; and**

- 2.2.3 Approve the Budget Procedure Rules and the Budget Setting Protocol, attached as appendix 1 as amended and 2 to the Shadow Authority in due course, for inclusion in the West Surrey Council Constitution, to be effective from 1 April 2027; and**
- 2.2.4 Recommend to the Shadow Authority that a delegation be given to the Monitoring Officer to make minor and administrative amendments to the Budget Procedure Rules and the Budget Setting Protocol, and any consequential changes required elsewhere in the Constitution as a result of their adoption.**

3 Reason(s) for recommendation:

- 3.1** It is important that West Surrey Council, both in its Shadow format and after Vesting Day, has robust governance arrangements in place, relating to the setting of its annual budget.
- 3.2** The attached proposed Budget Procedure Rules and Budget Setting Protocol form part of the governance framework of the Council and by including them within the constitution, they provide good governance, clarity for all members, and transparency for the public.

4 Next steps

- 4.1** The Budget Procedure Rules and the Budget Setting Protocol will be considered by the Constitution Working Group on 29 October 2026.
- 4.2** If supported by the Constitution Working Group, both documents will be considered by the Standards Committee on 2 November 2026 where they will be asked to approve the documents and recommend them to the next meeting of the Shadow Authority for formal approval and adoption into the West Surrey Shadow Authority Constitution with immediate effect.
- 4.3** At a later date, likely to be early in 2027, the Standards Committee shall be recommending the formal adoption and inclusion of these documents to the Shadow Authority to be included in the West Surrey Constitution, effective from 1 April 2027.
- 4.4** The Constitution Working Group considered this matter at their meeting on 29 October 2026 and endorsed the proposed budget procedure rules in appendix 1 and budget protocol in appendix 2 and agreed to recommend them to the Standards Committee.

However, following the meeting, it was found that bearing in mind the schedule of meetings for West Surrey Shadow Authority in February 2027 for considering and determining budget matters, the deadlines for amendments and assessment of such amendments proposed in the procedure rules needed to be shortened. The Monitoring Officer has

therefore made tracked changes to the Budget Procedure Rules, as set out in appendix 1 to this report for the Standards Committee to consider.

5 Exemption from publication

5.1 None of this report is exempt from publication.

6 Background and Proposal

6.1 The Budget Council meeting is a special meeting of the Authority to set the Council Tax for each year and approve the General Fund and Housing Revenue Account budgets for the year ahead. In order to help councillors with the process and running of the meeting, and provide clarity for members of the public, Budget Procedure Rules and a Budget Setting Protocol have been developed. It is intended that both documents are formally adopted into the Constitution given their importance, and that the usual Council Procedure Rules be suspended for the Budget Council meeting.

6.2 The Procedure Rules and the Protocol are being recommended to the Council for adoption well before the Budget Council meeting in February 2027 so that Members can be fully aware of the procedure that will be followed, if they are approved.

6.3 The Procedure Rules propose that there shall be a limitation as to the number of amendments that relate to the budget, being the substantive proposal from the Executive and a maximum of three budget amendments from each Political Group on the Council.

6.4 The Procedure Rules also propose that there shall be a mechanism for proposed amendments to be cleared or allowed by the three Statutory Officers of the Council, so that they may be refused in appropriate circumstances, such as where the amendment, if agreed, would result in an unlawful budget.

6.5 The Procedure Rules also provide for a defined timeline for their clearance prior to the Budget Council meeting in order that safe and manageable decision making may be achieved, to enable finance officers to consider and prepare any advice in respect of any individual amendments and consider the consequences of various amendments should they be agreed, on the substantive proposal.

6.6 The budget proposals are firstly considered by the Executive who make proposals for a budget to the Council. Under the usual Council Procedure Rules, amendments may be permitted at the Council meeting considering a matter, provided they do not negate the motion, but this is not appropriate for amendments that impact on the budget, as they will require officer consideration and advice. Consequently it is necessary to

suspend the usual Council Procedure Rules at the budget Council meeting to enable the Budget Procedure Rules to prevail.

- 6.7** To further aid the achievement of an agreed budget, the Procedure Rules provide for the sharing of all accepted amendments from Political Group with Group Leaders in advance of the meeting. And a Group Leader's meeting is to be arranged and facilitated by the Chief Executive in advance of the Budget Council meeting with a view to aiding the conversation which will require compromise and may potentially result in the withdrawal or amalgamation of some amendments in advance of the meeting.
- 6.8** To further enable robust but agile decision making, the Procedure Rules provide that all amendments to the proposed budget are proposed and seconded, before there is one debate of the Council, on all proposals. Votes are then taken on each individual proposed amendment, before determining whether the substantive motion is amended or not, and then that is voted upon.
- 6.9** The Protocol is aimed at guiding and supporting councillors in their role when involved in setting the budget for West Surrey Council. It sets out the legal obligations of the Council collectively, and the risks and consequences of not setting a lawful budget, and offers practical advice.

7 Consultation

- 7.1** Consultation on the Budget Procedure Rules and the Budget Setting Protocol has been undertaken with the Leader and the relevant Portfolio Holders.
- 7.2** Consultation has also been undertaken with the West Surrey Council interim Statutory Officers.
- 7.3** Consultation on the budget proposals themselves will be undertaken in due course with the Overview and Scrutiny Committee, before the Executive proposes a budget to the Shadow Authority in February 2027.

8 Key Risks

- 8.1** The key risks of not setting a lawful budget are set out in Appendix 2 the Budget Setting Protocol.
- 8.2** Without the proposed Procedure Rules and Protocol, there is a serious risk of a lack of agile and robust decision making at the Budget Council meeting. It is highly likely that there would need to be a series of lengthy adjournments to enable officers to consider amendments proposed during

the meeting, and their consequence and impact on the substantive motion.

- 8.3** Without the proposed Procedure Rules and Protocol, there is further risk that agreement would not be reached by the Council as to a lawful budget for the Council, as there would not be the opportunity for a facilitated discussion and negotiation to aid agreement prior to the meeting.

9 Options

- 9.1** To recommend the Budget Procedure Rules and the Budget Setting Protocol for approval and adoption into the West Surrey Shadow Authority Constitution with immediate effect – recommended.

- 9.2** To not recommend the Budget Procedure Rules and the Budget Setting Protocol for approval and adoption into the Constitution – not recommended.

10 Issues for consideration

10.1 Financial Implications

- 10.1.1** There are no financial implications arising from the adoption of the Budget Procedure Rules and the Budget Setting Protocol. The documents are aimed at facilitating a smooth but robust procedure for the budget and Council Tax setting process at the Budget Council.
- 10.1.2** Financial Implications of not setting a timely budget or determining Council Tax are set out within the Protocol.

10.2 Section 151 Officer Commentary

- 10.2.1** There are no additional comments to the report but verbal commentary will be provided by the Chief Finance Officer at the Standards Committee on 2nd November 2026.

10.3 Legal Implications

- 10.3.1** The legal implications of not setting a budget are set out within the Protocol.

10.4 Monitoring Officer Commentary

- 10.4.1** The adoption of clear Procedure Rules and a Protocol to support the meeting will assist councillors with the smooth running of the meeting

and support the Council to meet its legal obligation to set a budget within the statutory timescales.

10.5 People/Human Resources Implications

- 10.5.1 There are no people nor human resources implications arising from the proposals within this report.

10.6 Equality and Diversity Implications

- 10.6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 10.6.3 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report. The Protocol and Procedure Rules have been drawn up to enable a full discussion of the budget and for all Members who wish to participate in the debate and budget setting process to be able to do so.

10.7 Climate Change and Sustainability Implications

- 10.7.1 The Protocol and Procedure Rules are intended to ensure the smooth running of the Budget Council meeting and to enable a budget to be set rather than having to reconvene the meeting on another day which would then have an impact in terms of the resources required for a further meeting.

10.8 Stakeholders Implications

- 10.8.1 There are none.

11 Overview & Scrutiny Comments

11.1 N/A

12 List of Appendices

12.1 Appendix 1: Proposed Budget Procedure Rules

12.2 Appendix 2: Proposed Budget Setting Protocol

13 List of Background papers

13.1 None

WEST SURREY COUNCIL BUDGET PROCEDURE RULES

The proposed Budget Procedure Rules for setting the Council Tax, General Fund and Housing Revenue Account Revenue and Capital Budget for West Surrey Council are as set out below.

1.0 INTRODUCTION

Under section 30(6) of the Local Government Act 1992 the Council has a duty to set the Council tax before 11 March each year. A failure to set the tax by then does not in itself invalidate the tax demands but it has other adverse consequences including the potential loss of income to the Council. In practical terms this means the Council needs to reach a final position to meet the billing deadline requirements by 28 February.

The legal obligations for setting the budget mean in practical terms that:

- i) Councillors should not put forward proposals that would mean setting an unlawful budget and need to take officer advice in particular from finance officers to ensure that their proposals are in order.
- ii) Although the Council corporately sets the budget, the Council acts through Members collectively; each and every Member is therefore jointly and severally responsible for the setting of the budget; and
- iii) Wherever possible, Members are expected to facilitate rather than frustrate the setting of a lawful budget.

The Local Authorities (Standing Order) (England) (Amendment) Regulations 2014 impose an obligation on the Council to require the vote of Members on the budget to be recorded. The votes on the amendments and the substantive budget proposal (whether amended or not) shall be conducted by way of a roll call and the individual votes shall be recorded in the minutes.

2.0 BEFORE THE MEETING

- (i) Each recognised Political Group on West Surrey Council shall be allowed a maximum of 3 budget amendments.
- (ii) All proposed amendments must have been received by the Chief Financial Officer (or section 151 Officer) no later than noon 4 clear working days before the day of the Budget Council (i.e. if the Budget Council meeting is on a Wednesday, the deadline shall be by 12 noon on Wednesday of the preceding week, provided it is a normal week without bank nor public

holidays). The first 3 acceptable amendments from each Political Group received by the Chief Financial Officer will be allowed, unless withdrawn before the submission deadline, and any other refused with reasons.

- (iii) All amendments will have had to have been assessed and evaluated by finance officers and the relevant Director no later than 12 noon 3 clear working days before the day of the Budget Council meeting. (i.e. if the Budget Council meeting is on a Wednesday, the deadline shall be 12 noon on the Thursday of the preceding week, provided it is a normal week without bank nor public holidays).
- (iv) The Chief Executive, Chief Financial Officer and Monitoring Officer will have final clearance of a proposed amendment and will not normally allow an amendment where a proposal is not considered to be robust or viable for one of the following reasons:
 - a. The proposal is legally unsafe and/or carries an exceptionally high risk of non-delivery;
 - b. There is insufficient evidence or information to assess the potential net saving;
 - c. The proposal is adding to, or bringing forward, an existing saving without further information as to how this can be achieved;
 - d. The alternative proposal requires one-off investment, additional organisational capacity, and/or loan financing that cannot be supported;
 - e. The alternative proposal is beyond the powers and duties of the local authority.
- (v) The Chair will refuse to accept any amendment that has not been “allowed” by the Chief Executive, Chief Financial Officer and Monitoring Officer.
- (vi) All amendments will be treated in strictest confidence by finance officers and other such officers that the Chief Executive, Chief Financial Officer or Monitoring Officer need to consult in order to assess and evaluate an amendment. They will not be shared until the designated time detailed in (vii) below.
- (vii) All allowed amendments will be shared at 12 noon two clear working days before the day of the Budget Council meeting, by the Monitoring Officer (or their representative) with Group Leaders. (So if the Budget Council meeting is due to take place on a Wednesday, the distribution to Group Leaders of all accepted amendments will be at noon on Friday of the preceding week, provided it is a usual week with no bank nor public holidays).
- (viii) A Group Leader’s meeting will be arranged for the afternoon on the day on which the allowed amendments are shared. The meeting shall be attended by the Monitoring Officer and Democratic Services representative who may

advise on practice and procedure of the forthcoming Budget Council meeting; by the Chief Finance Officer so that the recently circulated amendments can be discussed; and by the Chief Executive who shall have a “brokering” role if this would appear to facilitate agreement on particular amendments or proposals.

- (ix) There will be a meeting of Group Leaders (attended by the Chief Executive, the Chief Finance Officer and other relevant officers) during the afternoon on the working day prior to the day of the Budget Council meeting with a view to exploring the potential for any agreement on proposed amendments (i.e. the potential for amendments to be re-packaged as ‘composite’ amendments).
- (x) Any variations to the amendments or any new amendments arising from the Group meetings shall be limited to grouping and repackaging of amendments or other changes providing that they do not, in the opinion of the Chief Finance Officer, involve significant costing or evaluation that cannot reasonably be done within the available timescale.

3.0 DURING THE MEETING

- (i) The Leader shall move that Council agrees that Council Procedure Rules be suspended to the extent that it is necessary to enable to business of the meeting to be dealt with.
- (ii) The Chair shall invite the Leader and the Deputy Leader (or their representatives) to move, and second the Administration’s budget. The proposer shall have unlimited time and the seconder shall have 5 minutes within which to move and second the budget proposals and any accepted amendments proposed by the administration.
- iii) The Chair shall then invite the Group Leader and Deputy Group Leader (or their representatives) from the next largest Political Group on the Council to move and second their Group’s amendments to the budget proposals. The proposer shall have unlimited time and the seconder shall have 5 minutes within which to move and second the amendments.
- iv) The process at iii) above is repeated in respect of each Political Group on the Council, in decreasing order of size of group, until all accepted amendments have been moved and seconded, unless they are withdraw, or not moved, in which case they simply fall.
- v) The Chair shall then invite Councillors to debate the budget proposals. Speakers are limited to 3 minutes each unless otherwise specified or extensions granted by the Chair. Each councillor may speak only once in the debate and not if they have already spoken whilst moving or seconding a motion or amendment, other than in accordance with vi) below.

- vi) At the conclusion of the Council debate, the Chair shall invite the Leader (or their representative) to give a final right of reply on behalf of the Administration and they shall have 5 minutes in which to respond.
- vii) The Chair shall then put each of the amendments in turn to the vote, in the order of the third, then second, then first amendment of the smallest Political Group on the Council, then the same for each Political Group in ascending order of size, ending with any amendment from the Administration.
- viii) Following the conclusion of the voting on all of the amendments the Chief Finance Officer will confirm how the individual amendments that have been carried affect the budget proposal as necessary. There may be a need for a short adjournment to allow for the preparation of the recommendation, to reflect the budget proposals as amendment or not, and if necessary for them to be printed and circulated prior to the substantive vote.
- ix) The Chair shall put the substantive motion (as amended, if amended) to the vote and the Democratic Services Manager (or their representative) shall take a recorded vote.

4.0 AFTER THE MEETING

- i) If the vote on the budget is lost then the Chief Finance Officer and the Monitoring Officer will advise the Council on it's position in consultation with the Chair. There may need to be a short adjournment at this stage. But in the event that Council fails to set the Council Tax at the scheduled Budget Council meeting, a further meeting would need to be held on the reserve date which must be before 10 March, but should be before 28 February.

WEST SURREY COUNCIL
BUDGET PROTOCOL:
CONSEQUENCES OF A FAILURE OR DELAY IN SETTING THE COUNCIL
TAX

1.0 SUMMARY

- 1.1 West Surrey Council, and when operating as a Shadow Authority, has a legal duty to set a lawful budget before 11 March 2027.
- 1.2 Members jointly and severally (collectively and individually) have a fiduciary duty to Council Taxpayers.
- 1.3 This means they have a duty to facilitate, rather than obstruct, the setting of a lawful budget, a process that requires flexibility and compromise.
- 1.4 Failure to set a lawful budget in time can lead to a loss of revenue, significant additional administrative costs and reputational damage.
- 1.5 Failure to set a lawful budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999 (as previously seen in authorities in relation to a failure of governance.) It may also give rise to personal liability for individual Members for misfeasance in public office, negligence or breach of statutory duty.
- 1.6 This Protocol explains the position in more detail and makes practical suggestions for all Members' consideration and guidance.

2.0 THE LEGAL DUTY

- 2.1 Section 30(6) of the Local Government Finance Act 1992 provides that the Council has to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set. This means the Council has a duty to set the budget before 11 March 2026.
- 2.2 If the budget is set after that date, the Act says the failure to set a budget within the deadline does not, in itself, invalidate the budget. However, such delay may have significant financial, administrative and legal implications, including potential individual liability of any Member who contributed to the failure to set a budget.
- 2.3 Section 66 of the 1992 Act provides that failure to set a Council tax (or delay in setting a Council tax) shall not be challenged except by an application for

judicial review. The Secretary of State and any other person with an interest or “standing” may apply for a judicial review.

3.0 FINANCIAL IMPLICATIONS OF DELAY

- 3.1 A delay in setting the Council Tax means a delay in collecting the tax due not only to the council, but also the precepting authorities such as the Police, Fire Service and others such as the parish council on whose behalf the council acts as a collection authority.
- 3.2 The council has a legal duty to provide a range of statutory services (such as children’s social care services, adult social care, etc.) and is not absolved from its duty because of the late setting of the tax. It also has to pay the monies due to the precepting authorities (such as Fire Service and the Police) whether or not it collects any Council Tax.
- 3.3 One significant point that Members need to be aware of is that a delay in setting the budget may affect the council’s ability to enter into new agreements with significant financial commitments until and unless the budget is agreed. Otherwise, these would be unfunded commitments and therefore potentially unlawful.
- 3.4 Even if the Council sets the budget by 10 March but later than the planned February Budget Council meeting, there is still likely to be some disruption to the administrative arrangements (such as printing, posting, delivery of bills) that will have cost implications.

4.0 DUTY TO TAKE INTO ACCOUNT THE ADVICE OF THE CHIEF FINANCIAL OFFICER

- 4.1 Sections 25 to 29 of the Local Government Act 2003 impose duties on the council in relation to how it sets and monitors its budget. These provisions require the council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the council about the allowances to be made and action to be taken.
- 4.2 Section 25 also requires the Council’s Chief Financial Officer (OR SECTION 151 Officer) to make a report to full Council when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that members will have authoritative advice available to them when they make their decisions.

- 4.3 The section requires Members to have regard to the report in making their decisions. Any decision that ignores this advice, including the implications of delay, is potentially challengeable.

5.0 SECTION 114 REPORT AND THE PROHIBITION PERIOD

- 5.1 Section 114 of the Local Government Finance Act 1988 puts an obligation on the Section 151 Officer (the Chief Financial Officer) to issue a report “if it appears to him or her that the expenditure (including proposed expenditure) is likely to exceed the resources (including borrowing) available to the council.” He or she would also be under a similar obligation if they became aware of a course of action which, if pursued, would be unlawful and likely to cause loss or deficiency on the part of the authority. The S151 Officer has to consult the Chief Executive and the Monitoring Officer before considering issuing a S114 report. If it is determined that a report should be issued, the Ministry of Housing, Communities & Local Government must also be consulted before issuing the report.
- 5.2 If such a report were issued, a copy of it must be sent to the council’s external auditor and every Member of the Council. Full Council must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take. Between the issuing of the report and the day after the meeting (“the probation period”) the council is precluded from entering into new agreements involving the incurring of expenditure except in certain limited circumstances where expenditure can be authorised by the Chief Financial Officer. The legislation also provides that during the prohibition period “the course of conduct which led to the report being made shall not be pursued.” Failure to take appropriate action in response to such a report may lead to the intervention of the council’s auditor.

6.0 MONITORING OFFICER REPORT

- 6.1 Section 5 of the Local Government & Housing Act 1989 imposes on the Monitoring Officer an obligation similar to that of the Chief Financial Officer with the same consequences if it appears to them that what the Council has done or is proposing to do is likely to contravene a rule of law or any code of practice made or approved by or under any enactment or maladministration. The Monitoring Officer is also under a duty to warn Members of the consequences under the Code of Conduct for Members.
- 6.2 A section 114 and section 5 report may be joint or separate and, if separate, they may be issued concurrently or at different times.

7.0 CODE OF CONDUCT CONSEQUENCES

- 7.1 The Localism Act 2011 imposes a duty on Members to abide by the Code of Conduct for Members. In interpreting the Code, regard must be had to the General Principles of Public Life, including the requirement that Members should make decisions in accordance with the law.
- 7.2 Members have an active duty to ensure that the Council sets a lawful budget. Voting against proposals repeatedly, knowing that the result means no lawful budget will be set, is incompatible with Members' obligations under the Code as it is bound to bring the council into disrepute.

8.0 PERSONAL LIABILITY OF MEMBERS

- 8.1 if a Member's wilful misconduct is found to have caused loss to the council, the Member may be liable to make good such loss under the principle approved by the House of Lords in *Porter v Magill.1 (2002)*.
- 8.2 Depending on the exact role played by a Member, and the seriousness of the loss incurred, a Member could, in principle, be guilty of the tort and crime of 191 misfeasance in public office. The indemnity cover that Members are provided with by the Council does not include actions that constitute an offence or are reckless.
- 8.3 It is also possible (in theory) for a Member to be liable in negligence and or breach of statutory duty.
- 8.4 It is expected that the Council would probably need to prove that what the Member/s were doing was deliberate or reckless and involved persistent failure to facilitate the setting of a lawful budget before it attracts liability of the sort referred to in the preceding paragraphs. The longer the setting of a budget is delayed, and the more repeatedly the Member/s "blocks" the setting of a lawful budget, the more likely for the liability to arise.

9.0 INTERVENTION BY THE SECRETARY OF STATE

- 9.1 The Local Government Act 1999 imposes a duty on the council "...to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."
- 9.2 Section 15 of the Act gives the Secretary of State the power to intervene and take a range of measures. The powers of the Secretary of State are very extensive and include:

(a) Directing the council to take any action which he/she considers necessary or expedient to secure its compliance with the requirements of this Part (for example, setting a budget by a specified date);

(b) The Secretary of State, or a person nominated by him/her, exercising the council's functions (such as setting the Council tax) for a period specified in the direction or for so long as the Secretary of State considers appropriate, and

(c) Requiring the council to comply with any instructions of the Secretary of State or their nominee in relation to the exercise of that function and to provide such assistance as the Secretary of State or their nominee may require for the purpose of exercising the function.

- 9.3 If the Secretary of State decides to intervene on the issue of setting the Council Tax, he/she need not set the full budget and could, for example, direct the Council to set a budget at a specified Council Tax level by a set date, leaving the council to work out the detailed savings for each service. Given the complexity of setting a budget (the Secretary of State will have to do the same calculations and assessments the council has) it is not a straightforward process and it is questionable whether the Secretary of State or a person nominated by them could do it quicker. He/she is more likely to give directions for the council to set its budget by a particular date and take particular steps and within specified parameters rather than setting it themselves.

10.0 REPUTATIONAL DAMAGE

- 10.1 Whatever its political make up or whatever the local challenges, the council is keen to establish a strong financial and corporate governance reputation. Failure to set a Council Tax and any intervention by the Secretary of State whether formal, informal or even references to failure to set the tax will have significant adverse impact on the council's reputation locally and nationally. This is not simply a theoretical concept, it has real practical impact in terms of investor confidence, peoples' preparedness to work with the council and even on Council Tax collection rates as residents may see the council as wasteful, procrastinating and/or inefficient. Reputation and credibility is hard to earn but, once lost, can be difficult to regain.

11.0 PRACTICAL ADVICE TO MEMBERS

- 11.1 The council as a corporate body, and Members (both individually and collectively), have a fiduciary duty to Council Taxpayers to avoid doing anything that would result in loss of revenue or failure to deliver services. In addition to Members' legal obligations, they also have the moral and

democratic obligation to set the budget on behalf of the people who elected them.

- 11.2 There is always a tension between Members' desire to vote for what they believe to be the right decision on the one hand and the legal obligation to set a lawful budget on time and avoid any loss to the council on the other. A suggested practical approach would be:

(a) Members should always strive to facilitate, rather than frustrate, the setting of a lawful budget;

(b) If it becomes clear (for example as a result of an initial vote) that there is no majority support for any budget but there is a realistic prospect of such an agreement if Members are given additional time for negotiation, then Members should consider a short adjournment, or adjournment to another day, whichever is more appropriate. This would be informed by the advice from the Chief Executive after checking with Group Leaders, and the advice from the Chief Financial Officer and the Monitoring Officer.

(c) If Members do not consider that an adjournment would resolve the impasse or there has been an adjournment and no agreement reached that could deliver a majority, then officers' advice would be:

i. To identify composite amendments (amendments that have cross party support) and for all Members to vote for these amendments;

ii. When it comes to the substantive vote, for Members who support the Administration's proposals (with any composite amendment/s) to vote for the proposal;

iii. For Members who do not support the proposal, but are unable to secure a majority for an alternative/amendment budget, to support the substantive budget as amended, or, at least, abstain.

- 11.3 This would ensure that the Council sets a lawful budget and avoids the damaging legal and practical consequences discussed above as well as keeping the setting of taxes locally and preserve the council's governing reputation.

- 11.4 The above advice is based on the fact that, unlike other times when a proposal that fails to gain the support of a majority of Members simply falls and the status quo prevails, maintaining the current situation is not an option for setting the budget and Council Tax.

12.0 CONCLUSION

- 12.1 The Council has a duty to set a lawful budget by 10 March.

- 12.2 Each Member has an obligation to facilitate, rather than frustrate, the setting of a lawful budget in time.
- 12.3 Failure to discharge that duty may leave Members at risk of breaking the Code of Conduct for Members and possibly expose them to legal liability.
- 12.4 It is also possible that, if there is a prolonged delay, the Secretary of State may exercise his/her powers under Section 15 of the Local Government Act 1999 to step in and make the decision or ask another person to do so, which would damage the council's governing reputation.
- 12.5 If, after all reasonable attempts are made, it is not possible to find a majority support for any budget (i.e. the Council is unable to 'get the budget through') then it is the view of officers that Members' obligations to facilitate the setting of a budget would be best discharged by Members who support the Administration's recommendations to vote for the recommendations and those who do not support their proposals (with composite amendments) to vote for the budget, or at the very least abstain, unless they are in a position to put forward alternative proposals that have majority support.

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West Surrey Shadow Authority		
Report title: Governance Arrangements for West Surrey Council's interests in Companies and other Corporate Entities		
Report to: Constitution Working Group Standards Committee		
Date: Constitution Working Group – 29 October 2026 Standards Committee – 2 November 2026		
Executive Portfolio Holder: Cllr Victoria Kiehl & Cllr Leslie Rice		
Report of : Susan Sale, Monitoring Officer (interim)		
Report author(s): Susan Sale, Monitoring Officer (interim)		
Wards affected: All Ward councillors informed: No		
Exempt from publication: No		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	N/A	N/A
Equalities Impact Assessment complete	N/A	N/A
Implementation Team Leader (or their delegate)	N/A	N/A
S151 Officer	Susan Sale on behalf of Vicky Radford	23 October 2026
Monitoring Officer	Susan Sale	23 October 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl	23 October 2026
Committee Chair consultation	Cllr Joanne Shaw Cllr Richard Wilson	23 October 2026
Head of Paid Service	Susan Sale on behalf of Andy Brown	23 October 2026

1. Executive Summary

- 1.1** The predecessor Council's of West Surrey Council, being Surrey County Council ("SCC") and the six District and Borough Councils of Spelthorne Borough Council, Runnymede Borough Council, Woking Borough Council, Surrey Heath Borough Council, Guildford Borough Council and Waverley Borough Council, have, between them various interest in companies and other corporate entities. These interests will legally transfer to West Surrey Council on 1 April 2027 when the predecessor authorities are abolished and their powers, duties, functions and responsibilities legally vest in West Surrey Council and, where relevant, East Surrey Council.
- 1.2** It is essential that West Surrey Council has robust governance arrangements in place to ensure adequate oversight of its interests in companies and other corporate entities and that such arrangements are effective and implemented from Vesting Day.
- 1.3** Therefore a Company Governance Protocol has been developed, as attached at appendix 1 to this report, which is recommended for adoption into the West Surrey Council Constitution from Vesting Day.

2 Recommendations:

- 2.1** That the Constitution Working Group:
- 2.1.1** **Considers the Company Governance Protocol, attached to this report at Appendix 1, and either endorses it or makes amendments to it, before recommending it to the Standards Committee, for their approval and recommendation to the Shadow Authority for adoption into the West Surrey Constitution with effect from 1 April 2027;**
- 2.2** That the Standards Committee resolves to:
- 2.2.1** **Approve the Company Governance Protocol, attached at appendix 1 to this report, and recommend it to the Shadow Authority for approval and inclusion to the West Surrey Council Constitution with effect from 1 April 2027;**
- 2.2.2** **Recommendation to the Shadow Authority that they delegate authority to the Monitoring Officer to complete Appendix A to Appendix 1 in due course, with the relevant Company interests of West Surrey Council and make necessary or appropriate minor amendment to the Company Governance Protocol and any other consequential amendments needed elsewhere in the Constitution.**

3 Reason(s) for recommendation:

- 3.1** It is essential, to comply with statutory obligations, as well as good governance, that West Surrey Council has governance arrangements formally adopted and in place from Vesting Day in respect of their duties and responsibilities to their Company and corporate entities. This can be achieved by the adoption of the Corporate Governance Protocol.
- 3.2** The attached proposed Company Governance Protocol provides the Council will appropriate oversight and mitigates against legal, financial and governance risks.

4 Next steps

- 4.1** This report is to be considered by the Constitution Working Group on 29 October 2026, who shall either endorse it or make amendments to it, and then endorse an amended version, before recommending it to the Standards Committee.
- 4.2** The report will then be considered by the Standards Committee on 2 November 2026 who will be asked to approve the Company Governance Protocol and recommend its approval and formal adoption into the Constitution, from Vesting Day.
- 4.3** The Shadow Authority will receive the recommendation from the Standards Committee in early 2027, and will be asked to delegate authority to the Monitoring Officer to finalise and make minor amendments to the Company Governance Protocol and make any consequential amendments to elsewhere in the Constitution, arising from the adoption of this Protocol.
- 4.4** If approved, the Company Governance Protocol will come into effect in the West Surrey Council 1st April 2027 version of the Constitution, to be implemented for Vesting Day.
- 4.5** The Company Governance Protocol was considered by the Constitution Working Group on 29 October 2026. Various minor amendments were proposed by the Monitoring Officer and supported by the Working Group including to:
- i) Reflect the fact that some companies where West Surrey Council has an interest may not be wholly owned and therefore the Shareholder Committee may not be able to impose obligations; and
 - ii) Reflect the fact that the Executive Shareholder Committee should review all companies in which West Surrey Council has an interest within 6 months of Vesting Day and at least 3 yearly thereafter.

5 Exemption from publication

- 5.1** None of this report is exempt from publication.

6 Background and Proposal

- 6.1** Amongst the predecessor councils of West Surrey Council there are a myriad of company and corporate entity arrangements, including companies wholly owned by a sovereign council, and companies where one or more of the sovereign councils have an interest in their ownership. Such interests in companies will transfer from the predecessor councils when West Surrey Council becomes the sovereign council in West Surrey on 1 April 2027.
- 6.2** Some company interests of Surrey County Council may become the interests of both or either East Surrey Council and West Surrey Council and arrangements for the governance of such interests may need to involve joint arrangements between the two authorities. Any such proposals for joint company governance arrangements will be developed in due course.
- 6.3** In respect of those company interests that shall vest in West Surrey Council, it is imperative that the Council has robust governance arrangements in place from 1st April when the legal and financial responsibility for such entities will vest in West Surrey Council. The Council will need to have oversight of its commercial interests and the governance of such interests, and have arrangements in place aimed at mitigating any legal and financial risks and ensuring the statutory duty of best value is met.
- 6.4** The Company Governance Protocol is aimed at achieving robust governance. It sets out to:
- enable timely decisions to help Companies operate effectively;
 - support effective governance;
 - ensure accountability for the use of public resources;
 - provide clarity regarding roles and responsibilities;
 - protect the Council's investment and interests;
 - support effective shareholder oversight and management of risk;
 - facilitate appropriate democratic accountability; and
 - promote good governance consistent with recognised local government and corporate governance principles.

- 6.5** The Company Governance Protocol, attached to this report at appendix 1, is intended to form part of the West Surrey Council's governance framework, and therefore to be formally adopted into the Constitution. It should be effective from 1 April 2027 when the powers, duties and responsibilities are vested in the new unitary council, by virtue of the Surrey (Structural Changes) Order 2026.
- 6.6** The Protocol provides that the shareholder function of West Surrey Council is an Executive function in line with 'The Governance of Council Interests in Companies – Code of Practice 2018'. It proposes that the Executive exercise the function through the establishment of a Sub Committee of the Executive, whose membership would include the Leader or his nominated representative, and between 2 and 9 other executive members.
- 6.7** The Company Governance Protocol sets out clear roles and responsibilities for those involved in relevant companies, whether involved in a role for the company or for the Council, and provides clarity over how to deal with conflicts of interests, whether actual, potential or perceived, which can often arise. It also deals with the appointment of Directors to companies, and provides a framework for the process, and of a Shareholder representative, where required. It includes a framework of reporting on a periodic basis, for various company matters to ensure full and proper oversight by the Executive members.
- 6.8** The Company Governance Protocol will need to be finalised by the Monitoring at Appendix A before Vesting Day to include a list of all company interests that will vest in West Surrey on 1 April 2027. It is proposed that the Protocol be kept under continuous review and that the Constitution Working Group, or similar body, established at the 2027 annual Council meeting, include this for an early review on their 27/28 work programme.

7 Consultation

- 7.1** Consultation has been undertaken with the Company workstream of the Implementation team in the development of the Company Governance Protocol.
- 7.2** Consultation has been undertaken with the Leader, Deputy Leader and relevant Portfolio Holders on the proposed Company Governance Protocol.
- 7.3** Consultation has been undertaken with the three West Surrey Shadow Authority interim statutory officers.

8 Key Risks

- 8.1** There are significant risks associated with the legal obligations and duties arising from West Surrey Council's interests in companies and corporate entities and these are mitigated by having the Company Governance Protocol formally as part of the governance and assurance arrangements of the Council and formally adopted into the Constitution.

9 Options

- 9.1** To recommend the Company Governance Protocol for approval and adoption into the Constitution – recommended.
- 9.2** To amend and then recommend the Company Governance Protocol for approval and adoption into the Constitution – not recommended.
- 9.3** To not recommend the Company Governance Protocol for approval and adoption into the Constitution – not recommended.

10 Issues for consideration

10.1 Financial Implications

- 10.1.1 Text here
- 10.1.2 Text here
- 10.1.3 Text here

10.2 Section 151 Officer Commentary

- 10.2.1 Text here

10.3 Legal Implications

- 10.3.1 The Surrey (Structural Changes) Order 2026 provides that all company and corporate entity interest will transfer from Spelthorne Borough Council, Runnymede Borough Council, Surrey Health Borough Council, Woking Borough Council, Guildford Borough Council and Waverley Borough Council and vest in West Surrey Council on 1 April 2027. The same Order provides that company interest of Surrey County Council will vest in either East Surrey Council or West Surrey Council or both jointly from Vesting Day; such arrangements as to legal ownership will be set out in a s16 agreement in due course and arrangements for the running of such joint interests will be incorporated into an inter-authority agreement.

10.4 Monitoring Officer Commentary

- 10.4.1 The Company Governance Protocol ensures clarity and transparency around the arrangements for the Council having oversight of its company interests. Compliance with the Protocol reduces risk, provides good and robust governance and defines roles and responsibilities.

10.5 People/Human Resources Implications

- 10.5.1 There are no people or human resources implications arising from this report.

10.6 Equality and Diversity Implications

- 10.6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 10.6.3 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.'

10.7 Climate Change and Sustainability Implications

- 10.7.1 There are no climate change nor sustainability implications arising from this report.

10.8 Stakeholders Implications

- 10.8.1 There are no stakeholder implications arising from this report.

11 Overview & Scrutiny Comments

11.1 Not applicable

12 List of Appendices

12.1 Appendix 1: Draft Company Governance Protocol for West Surrey Council

13 List of Background papers

13.1 None

WEST SURREY COUNCIL

COMPANY GOVERNANCE PROTOCOL

1. Introduction

1.1 Purpose

This Protocol establishes the framework through which the Council exercises oversight of its interests in Companies and other corporate entities.

The Protocol aims to:

- enable timely decisions to help Companies operate effectively;
- support effective governance;
- ensure accountability for the use of public resources;
- provide clarity regarding roles and responsibilities;
- protect the Council's investment and interests;
- support effective shareholder oversight and management of risk;
- facilitate appropriate democratic accountability; and
- promote good governance consistent with recognised local government and corporate governance principles.

Whilst this Protocol draws from recognised sources of good practice, the Code should be kept under review and updated from Council experience of working with companies (and their experience of working with the Council) and from lessons learned from elsewhere including:

- Delivering Good Governance in Local Government (2016) and the Addendum on Annual Review of Governance and the Annual Governance Statement (May 2025) (the CIPFA / SOLACE framework)
- Lawyers in Local Government (LLG), The Governance of Council Interests in Companies – Code of Practice (2018)
- Local Partnerships, Local Authority Company Review Guidance (2023)
- Best Value Guidance
- Code of Practice on Good Governance for Local Authority Statutory Officers (CIPFA / SOLACE / LLG framework) (July 2024)

1.2 Status of the Protocol

This Protocol forms part of the Council's governance framework and should be read alongside:

- Other parts of the West Surrey Council Constitution;
- the Scheme of Officer Delegations;

- any shareholder or member agreements (or the like) which are applicable to the entity;
- company articles of association (or partnership agreements in the case of LLPs);
- Members' Code of Conduct;
- Officer Code of Conduct;
- Council Code of Ethics; and
- relevant statutory and regulatory requirements.

Where any inconsistency arises, the Constitution and applicable legal requirements shall prevail.

The Monitoring Officer is the lead officer for this Protocol with support from the Chief Finance Officer, the legal and finance teams and Democratic Services as regards the company secretarial support to administer each company properly.

1.3 Scope

This Protocol applies to:

- companies wholly or jointly owned by the Council;
- companies in which the Council has membership rights;
- limited liability partnerships; and
- any other entity where the Council exercises significant ownership, membership, governance or control rights, or where there is significant risk for instance an unincorporated association where there is unlimited liability for the Council

In this Protocol, for the sake of brevity, all such entities are referred to as “companies” as this recognises that most of the Council’s entities fall into this category.

Appendix A to this Protocol provides a list of companies as of 1 April 2027.

1.4 Exclusions

This Protocol does not apply to appointments made by the Council to external organisations (outside bodies) where:

- the Council is not the sole or majority owner nor shareholder;
- the Council does not exercise governance control;
- the role is primarily representative in nature; or
- the organisation is an independent charity, voluntary organisation, community body, trust or similar external organisation.

Such appointments shall continue to be governed by the Council's arrangements for Outside Body Appointments.

2. Governance Principles

The following principles shall underpin all arrangements concerning Council companies.

2.1 Purpose

The establishment and continued operation of companies should support the Council's strategic objectives and deliver a clearly identified public benefit. Where companies are primarily commercial in nature without a service delivery aspect, then the public value and risk of the holding should be clearly identified by the Council when the company interest is established or reviewed.

2.2 Commercial Freedom

Companies should be afforded sufficient operational independence to enable them to fulfil their objectives and discharge directors' duties effectively.

2.3 Accountability

The Council shall retain sufficient oversight and governance arrangements to protect public resources and discharge its responsibilities as shareholder, member, lender, commissioner or strategic partner.

2.4 Clear Roles

The respective responsibilities of:

- the Council;
- the Executive;
- the Shareholder Sub-Committee;
- shareholder representatives;
- officers and councillors;
- directors; and
- company boards

must be clearly understood and respected.

2.5 Good Governance

The Council and its companies shall seek to operate consistently with recognised principles of corporate governance; candour, transparency, frankness, Public Officials Act principles, integrity, accountability and responsible decision-making.

3. Governance Framework

3.1 Separation of Governance Arrangements

The Council and each company operate as separate legal entities. The Council's governance arrangements and the governance arrangements of a company must remain distinct.

The Company Board is responsible for directing the affairs of the company.

The Council exercises influence through those rights reserved to it as shareholder or member. Those rights will be set out in the Articles of Association for a company (or other foundational document for other entities).

3.2 Governance Structure

The principal governance structure shall comprise:

Council

Responsible for adoption and amendment of this Protocol and inclusion in the Constitution, with advice provided by the Constitution Working Group and the Standards Committee.

Executive

Responsible for exercising executive functions relating to companies, except where delegated elsewhere.

Shareholder Sub-Committee

A sub-committee of the Executive which is responsible for exercising delegated shareholder functions on behalf of the Executive.

Shareholder Representative

An officer or an executive councillor, responsible for exercising shareholder rights:

- at General Meetings;
- through Written Resolutions;
- in relation to reserved matters delegated under applicable Articles or Shareholder Agreements.

The Shareholder Representative, where required, will be appointed by the Shareholder Sub-Committee. The Shareholder Representative must not be part of the Company Board and shall not direct company operations.

Officers and councillors

Officers and councillors may take on different roles, and must understand that their role as a director or a shareholder representative is distinct from their normal operational role and that conflicts of interest must be avoided.

Directors

Company directors have a legal duty to ensure that they are acting in the best interests of the Company. Where an officer or a councillor is appointed to a Board, there should be a clear understanding of the possible conflicts which may arise. (See the attached Conflict of Interest Policy).

Company Board

Responsible for management, strategy, risk management and operational oversight of the company. Directors will usually take collective decisions but this differs according to the constitution of each company.

Overview and Scrutiny Committee

Responsible for scrutiny of the effectiveness of the Council's company governance arrangements within the Council and company contribution to Council objectives. Note that the Overview & Scrutiny Committee do not have a role to scrutinise each company and its management; this is a shareholder function sitting with Shareholder sub-committee. Overview & Scrutiny can oversee the effectiveness and performance of the Shareholder Sub-Committee.

Audit and Governance Committee

Responsible for obtaining assurance regarding:

- the governance of wholly owned companies;
- the adequacy of company governance arrangements;
- compliance with this Protocol;
- management of governance risks; and
- assurance arrangements supporting company oversight.

Standards Committee

Keeping this Protocol under review and making appropriate recommendations to the Council for change.

4. Roles and Responsibilities

4.1 Executive

Executive shall:

- determine overall policy relating to Council companies;
- approve establishment, acquisition or disposal of companies where required; and
- receive strategic reporting regarding the Council's company portfolio.

4.2 Shareholder Sub-Committee

The Shareholder Sub-Committee shall act on behalf of the Executive in exercising shareholder functions delegated to it.

Functions may include:

- approval of business plans;
- consideration of company performance;
- monitoring strategic risk;

- approval of reserved matters (or delegating these to a single officer or executive councillor);
- Council director appointments where delegated;
- exercising shareholder decisions; and
- making recommendations to the Executive.

4.3 Shareholder Representatives

The Council may appoint an officer or an executive councillor to act as shareholder representatives.

Shareholder Representatives shall:

- exercise shareholder voting rights;
- attend shareholder meetings;
- exercise delegated shareholder powers;
- report back through the Council's governance framework.

Their authority shall be limited to that provided by:

- the Constitution;
- specific delegations;
- Articles of Association;
- Shareholder Agreements; or
- formal shareholder resolutions.

4.4 Statutory Officers

The Chief Executive, Chief Finance Officer and Monitoring Officer shall provide advice and assurance regarding:

- legality;
- governance;
- financial risk;
- compliance; and
- constitutional requirements.

5. Company Board Governance

The Board remains responsible for:

- company strategy;
- operational direction;

- financial sustainability;
- corporate performance;
- internal control;
- compliance; and
- risk management.

Nothing within this Protocol shall permit the Council, councillors or officers to fetter company directors in the discharge of their statutory duties.

Directors must act in accordance with their duties under the Companies Act and in the interests of the company.

6. Appointments to Company Boards

Appointments shall be:

- merit based;
- transparent;
- skills focused; and
- proportionate to the needs of the company.

The Council shall maintain a clear appointments process.

Board composition should seek an appropriate mix of:

- commercial expertise;
- financial expertise;
- sector knowledge;
- governance experience; and
- independent challenge.

Independent Non-Executive Directors should be considered for all significant Council companies.

7. Conflicts of Interest

The Council recognises that company governance can create actual, potential or perceived conflicts of interest.

All parties shall:

- identify conflicts;
- declare conflicts;

- record conflicts;
- manage conflicts appropriately.

A person acting as a company director owes their primary legal duty to the company.

Where an individual occupies multiple roles, appropriate governance arrangements must ensure independence of decision-making.

No individual shall participate in Council decision-making where a conflict exists which cannot be appropriately managed.

8. Reserved Matters

The Monitoring Officer shall maintain a schedule of reserved matters for each company.

Reserved matters may be contained within:

- Articles of Association;
- Shareholder Agreements;
- Members' Agreements; or
- other constitutional documentation.

Typical reserved matters may include:

- changes to constitutional documents;
- creation of subsidiaries;
- major acquisitions or disposals;
- significant borrowing;
- giving the Council formal notice of significant events;
- approval of business plans;
- appointment, remuneration and removal of directors;
- dividends; and
- winding up.

The Shareholder Sub-Committee may delegate certain reserved matter decisions, notifications or shareholder consents to an appropriate officer or executive councillor where such delegation is proportionate and consistent with the relevant constitutional documentation.

9. Business Planning and Performance Management

Each company is encouraged to maintain an approved business plan.

Business planning shall, as far as possible, align with the Council's financial planning and budget-setting cycle wherever practicable.

The Council shall establish arrangements for:

- annual business plan review;
- budget monitoring;
- performance reporting;
- risk reporting; and
- strategic review.

10. Reporting Arrangements

Companies shall be encouraged to provide reports at intervals determined by the Shareholder Sub-Committee.

Reporting should normally cover:

Financial Performance

- revenue performance;
- expenditure;
- balance sheet;
- cash flow;
- forecasts.

Strategic Performance

- delivery of objectives;
- key performance indicators;
- major projects.

Governance

- board activity;
- compliance matters;
- audit activity.

Risk

- principal risks;
- emerging risks;
- mitigation measures.

Reporting timetables should align with Council reporting arrangements wherever possible.

11. Strategic Review

The Council (through the Executive) shall periodically review each company to determine:

- continuing strategic fit;
- value for money;
- governance effectiveness;
- financial resilience;
- risk exposure; and
- alternative delivery options.

Strategic reviews of each Company should occur within 6 month of Vesting Day and thereafter at least once every three years, although more frequent reviews may be undertaken where circumstances warrant.

12. Assurance, Audit and Governance Reporting

The Council shall maintain appropriate assurance arrangements concerning company governance.

This may include:

- internal audit reviews;
- governance reviews;
- external audit recommendations;
- board effectiveness reviews;
- shareholder reviews.

The Audit and Governance Committee shall receive such reports as are reasonably necessary to discharge its assurance role.

Company governance arrangements shall form part of the Council's consideration of its Annual Governance Statement and wider governance framework.

Appendices

- Appendix A – List of Council interests
- Appendix B – Shareholder Sub-Committee Terms of Reference.
- Appendix C – Shareholder Representative Protocol.
- Appendix D – Director Appointment Framework.
- Appendix E – Conflicts of Interest Protocol.

- Appendix F – Model Reserved Matters Schedule.
- Appendix G – Company Reporting Framework.
- Appendix H – Company Assurance Framework

WEST SURREY COUNCIL COMPANIES

Companies limited by shares (of which the Council is a shareholder)

Companies limited by guarantee (of which the Council is a member)

Limited Liability Partnerships (of which the Council is a partner)

Unincorporated Associations (of which the Council is a member with unlimited liability)

(To be completed by the Monitoring Officer in readiness for 1 April 2027)

SHAREHOLDER SUB-COMMITTEE: TERMS OF REFERENCE**1. Purpose**

The Shareholder Sub-Committee is established by the Executive to exercise such shareholder functions as are delegated to it in respect of companies and other corporate entities in which the Council has an ownership, membership or shareholder interest.

The purpose of the Sub-Committee is to:

- represent the Council's interests as shareholder or member;
- oversee the performance and governance of Council companies;
- exercise delegated shareholder powers;
- consider matters reserved for shareholder approval;
- appoint a shareholder representative (where required);
- protect the Council's investment and interests; and
- ensure that company activities remain aligned with Council objectives.

2. Status

The Sub-Committee is a committee of the Executive established under executive arrangements.

The Sub-Committee shall not:

- undertake company management;
- direct company officers or employees;
- substitute itself for the company board; or
- interfere with directors' statutory duties.

3. Membership

Membership shall comprise:

- a minimum of three and maximum of 10 Executive Members as appointed by the Leader;
- such substitute arrangements as may be approved by Executive.

The Chief Executive, Monitoring Officer, Chief Finance Officer and other officers may attend in an advisory capacity.

The Chair of Overview and Scrutiny may be invited to attend as an observer where appropriate.

4. Functions

The Sub-Committee may:

Governance

- exercise shareholder powers delegated to it;
- monitor compliance with this Protocol;
- oversee company governance arrangements;
- review governance concerns and emerging risks.

Business Planning

- review annual business plans;
- review strategic plans;
- consider variations to approved plans;
- monitor delivery against agreed objectives.

Performance

- receive performance reports;
- monitor financial and non-financial performance;
- consider value for money;
- monitor achievement of agreed outcomes.

Reserved Matters

Where delegated, determine shareholder decisions relating to:

- amendments to Articles of Association or equivalent;
- changes to ownership structures;
- creation of subsidiaries;
- major acquisitions or disposals;
- significant borrowing;
- appointment and removal of directors;
- approval of business plans;
- dividend decisions;
- winding-up proposals; and
- any other matters reserved to the Shareholder or Member as set out in the governing documents

Appointments

- recommend Council appointments and dismissals where necessary;
- undertake shareholder appointment functions delegated to it;
- oversee skills requirements for company boards.

Reporting

- report to Executive on significant matters;
- escalate matters requiring Executive approval.

5. Waivers

The Company Articles of Association form a statutory contract between the Company and its Shareholders. On occasion where the Company may not be able to fulfil a requirement of the Articles of Association it may seek a waiver from the Shareholder(s) to achieve a practical outcome. The Shareholder Sub-committee may be able to grant such waivers. This is only really practical for companies where the Council is 100% shareholder / member. (Noting that where a company is not 100% in the ownership / membership of the Council – then the agreement of other shareholders / members for a special resolution is required at a General or Extraordinary members meeting).

Waivers should be used sparingly after taking advice from the Monitoring Officer and Chief Finance Officer. Consideration should be given to making them specific and timebound. Where repeated requests for waivers are made by the Board then this should usually trigger a review of the Company Articles of Association.

6. Meetings

The Sub-Committee shall normally meet quarterly.

Additional meetings may be convened where necessary.

Reports may be considered in private where there is confidential information under consideration or lawful exemptions apply and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Appendix C**SHAREHOLDER REPRESENTATIVE PROTOCOL****1. Purpose**

The Council may appoint one or more Shareholder Representatives to exercise shareholder rights on behalf of the Council.

The appointment of a Shareholder Representative shall not alter the governance responsibilities of:

- Executive;
- the Shareholder Sub-Committee;
- company boards; or
- individual directors.

2. Role

The Shareholder Representative may:

- attend Annual General Meetings;
- attend Extraordinary General Meetings;
- sign Written Resolutions;
- vote as shareholder;
- communicate shareholder decisions;
- exercise delegated shareholder functions.

3. Authority

The Shareholder Representative shall only act:

- within powers delegated by the Constitution;
- within authority delegated by the Shareholder Sub-Committee;
- in accordance with shareholder instructions; and
- within powers expressly conferred by Articles of Association or Shareholder Agreements.

The Shareholder Representative shall not create new policy, commitments or obligations without authority.

4. Reporting

The Shareholder Representative shall maintain a record of:

- shareholder meetings attended;
- resolutions considered;

- votes cast;
- decisions made under delegated authority.

All matters decided shall be reported to the next Shareholder Sub-Committee.

5. Other considerations

Where an officer or executive councillor acts as Shareholder Representative they shall:

- act impartially;
- obtain professional advice where necessary;
- take account of the advice of the Monitoring Officer and the Chief Finance Officer;
- exercise powers within delegated authority; and
- report any governance or financial concerns promptly.

DIRECTOR APPOINTMENT FRAMEWORK

1. Principles

Appointments shall:

- be merit-based;
- promote board effectiveness;
- support good governance;
- address identified skills requirements;
- support diversity and inclusion; and
- ensure independence from Council decision making as far as practicable.

The Council recognises that from time to time an officer or a councillor may be the appropriate choice to be nominated and appointed as a Council director on a company board. Where this happens, the Council should avoid nominating the Chief Executive, the Chief Finance Officer or the Monitoring Officer to companies unless there are exceptional circumstances.

2. Officers as Directors

Officers of the Council may be deemed to be the most appropriate appointment to the board of directors of a council company. The Shareholder Sub-Committee should ensure that the officer has the appropriate experience, training and understanding to ensure they are able to comply with their duties as a director. Employee officers owe a contractual duty to the Council to comply with the terms of their employment contract, any employee code of conduct and any Code of Ethics published under the Public Office (Accountability) Act. This will include obligations of confidentiality, particularly in respect of commercially sensitive information.

The Shareholder sub-committee should ensure that appropriate advice has been taken from Insurance and HR for such appointments and that the Council has relevant Directors and Officers indemnity insurance in place, and that employment terms and conditions have been reviewed. Insurance may be arranged via the Council or the Company.

3. Councillors as Directors

Councillors must comply with the Councillor Code of Conduct and any Code of Ethics published under the Public Office (Accountability) Act. Councillors also have duties of confidentiality, particularly in respect of commercially sensitive information towards the Council (and the company). As a councillor and a director of a council owned company, duties owed to the Company may at times conflict with duties as a councillor to the council, and vice versa.

Directors must ensure they make decisions in accordance what is best for the company; they must not act on behalf of or in promotion of the Council or their political party or their personal preferences. As a director, the councillor has a statutory duty to promote the

success of the company and to exercise independent judgement. If the councillor cannot do this without compromising their duty to the council, they should take advice from the Monitoring Officer about their continued role on the Board.

The Shareholder sub-committee should ensure that appropriate advice has been taken from Insurance for such appointments and that the Council has relevant Directors and Officers insurance in place for the councillor (either through the Council or the Company).

4. Board Composition

The Council will encourage company boards to maintain an appropriate balance of:

- executive directors;
- non-executive directors (which may include council nominated directors); and
- independent non-executive directors.

The composition of each board shall reflect:

- the company's purpose;
- the company's size;
- complexity and risk; and
- regulatory requirements.

5. Skills Assessment

Prior to appointments the Council shall consider:

- leadership experience;
- financial expertise;
- commercial experience;
- governance knowledge;
- strategic planning capability;
- legal or regulatory knowledge; and
- sector-specific expertise.

6. Appointment Process

Appointments may include:

- open recruitment or targeted recruitment;
- use of executive search services;

- assessment by the Shareholder Sub-Committee; and
- final nomination by the Shareholder Sub-Committee once these activities have taken place.

A documented assessment process shall be maintained and the objective is to adopt a position of candour, transparency and frankness for all appointments.

7. Induction

All appointed directors should receive appropriate induction covering:

- duties under the Companies Act;
- directors' responsibilities;
- company governance;
- financial responsibilities;
- risk management; and
- conflicts of interest.

Some of these will be delivered by the Company under its own arrangements. The Shareholder Sub-Committee shall maintain an oversight to ensure that this is delivered and the Monitoring Officer and Chief Finance Officer will ensure that Directors have the requisite training and support to be able to deliver the Council's requirements under the Company Governance Protocol.

8. Ongoing Development

Directors should undertake regular development and refresher training and this should be demonstrated to the Council in the annual assurance review.

9. Performance Review

The company board should undertake:

- annual board evaluation;
- periodic skills reviews; and
- periodic assessments of individual contribution.

10. Term of Appointment

Company appointments should be made in writing (by the Company) and reference a relevant Board or Shareholder Sub-Committee in order to specify:

- length of term of appointment;

- remuneration, expenses and benefits;
- renewal arrangements;
- review provisions; and
- removal provisions.

11. Declaration of Remuneration etc

By law, an officer or councillor appointed to a Council company may not receive additional remuneration from the company. This provision should also be reflected in the terms of appointment letter. Where applicable to the circumstances of the company any expenses or other benefits available to directors should be identified in the terms of appointment letter.

Officers and councillors are also reminded to make appropriate declarations in their respective personal capacity:

- Register of Interests
- Related Party Transactions
- Register of Gifts and Hospitality

CONFLICTS OF INTEREST PROTOCOL

1. Purpose

The Council recognises that company governance arrangements may generate actual, potential or perceived conflicts of interest.

This Protocol provides a framework for identifying and managing such conflicts.

2. Conflicts of Interest

A conflict of interest is a situation that may arise when a person has competing interests and serving one of those interests could damage or harm the other interest. An interest might include something that benefits an individual, or it can be a duty which someone has taken on. In a local authority context this might typically be a situation where a councillor or officer has an interest outside their role with the local authority which could compete with their duties to the local authority.

Conflicts are not automatically generated by an interest. However, the line between a potential conflict of interest and an actual conflict of interest is both a fine distinction and a blurred one. It is easy to end up on the wrong side of it by accident. In situations where a relationship is built on trust, a perceived conflict of interest may be just as detrimental as an actual conflict.

Conflicts of interest can be actual, potential or perceived.

- **Actual** – as a result of various duties owed, there is a real conflict between the duties and interests of an individual.
- **Potential** – circumstances mean that there could be a conflict between duties and interests.
- **Perceived** - a third party could consider that there is a conflict between duties and interests.

3. Types of Conflict

There are different scenarios which may give rise to a conflict of interest.

Situational conflict. A situational conflict may arise if a director has duties and interests towards more than one organisation, for example if they are sitting on more than one company board and they are a councillor or officer of the Council. Under Section 175 Companies Act 2006, a director of a company must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company. Any such conflict must be authorised by the remaining directors of the company to continue acting as a director. To ensure that situational conflicts are properly managed, councillors and officers who are appointed as directors of a Council company should declare their role to the Council and the company and seek ongoing guidance from the company secretary. Any declarations of interest should be clearly recorded in the minutes of board meetings.

Transactional conflict. A transactional conflict of interest may arise if a company enters into, or proposes to enter, a transaction or arrangement with a third party (including the Council). Transactional conflicts of interest relate to existing transactions or arrangements (section 182, Companies Act 2006) or proposed transactions or arrangements (section 177, Companies Act 2006). Under sections 182 and 177 of the Companies Act, if a director of a company is directly or indirectly interested in a proposed or existing transaction or arrangement with the company, they must declare the nature and extent of that interest to the other directors. Where the transaction or arrangement is a proposed transaction, a declaration to the other directors must be made before the company enters into the transaction or arrangement.

4. General Principles

Directors must:

- act lawfully;
- act transparently;
- declare relevant interests;
- avoid inappropriate influence; and
- withdraw from decision-making where necessary.

5. Directors' Duties

A director owes statutory duties to the company.

Where an individual acts as a company director, their primary legal responsibility as director is owed to the company.

Under the Companies Act 2006, there are general duties which require that directors:

- Section 171 - act within their powers in accordance with the company's constitution and use those powers only for the purposes for which they were conferred;
- Section 172 - promote the success of the company for the benefit of its members as a whole;
- Section 173 - exercise independent judgement;
- Section 174 - exercise reasonable care, skill and diligence;
- Section 175 - avoid conflicts of interest;
- Section 176 - do not accept benefits from third parties;
- Section 177 - declare an interest in a proposed transaction or arrangement.

6. Declaration of Interests

All relevant interests shall be declared promptly within the Company's arrangements and recorded appropriately and reviewed regularly. Officers or councillors appointed as a

Director should also ensure their respective declarations at the Council are updated to reflect declarations made at the Company.

7. Decision-Making

A conflict may arise at any time when carrying out different functions and it is therefore crucial that councillors and officers always reflect on the creation of conflicts within their day-to-day lives to make sure they are declared appropriately.

The content of this Protocol may assist to identify what a conflict may look like and what steps to take to either avoid that conflict or appropriately deal with it. Council appointed directors should give regard to the creation of a new conflict or the presence of an existing conflict when:

- Making a council decision which impacts the company
- When there are significant personal interests;
- There is a lack of scrutiny/oversight of own decisions and/or performance;
- Receiving gifts and hospitality;
- Accessing information, particularly information of a commercial or sensitive nature.

Where a conflict exists the director shall:

- declare the conflict;
- leave the meeting where required;
- take no part in the decision;
- comply with advice given by the Monitoring Officer.

8. Taking Advice

If you are not sure whether a conflict exists, it is advised that you should always err on the side of caution and take advice from the Company Secretary (or their nominee) and/or the Council's Monitoring Officer. If you are presented with the circumstances of having to making a decision and you are not sure whether there is a conflict of interest, if in doubt, it is best to take a cautious approach and ensure you do not participate in any decision making as either a company director, councillor or officer until such a time that you have sought the appropriate advice regarding the potential conflict.

9. Councillor Directors

Councillors appointed as directors must recognise that:

- they may not participate in Council decisions affecting the company where a conflict exists;
- company interests and Council interests will not always align;
- directors' duties remain paramount when acting as a director.

10. Officer Directors

Officers appointed as directors must ensure:

- separation of roles;
- appropriate reporting arrangements;
- compliance with officer conduct requirements.

11. Reporting Conflicts of Interest

If a conflict exists, you should:

- Notify the Company Secretary (or their nominee) of the conflict and notify the Council's Monitoring Officer as soon as possible and in any event prior to any further decision making.
- Declare any conflicts on a meeting by meeting basis on specific agenda items.

Appendix F**MODEL RESERVED MATTERS SCHEDULE**

Unless otherwise provided in Articles of Association, Shareholder Agreements or other governing documents, the following matters should normally be reserved for shareholder approval. This will differ on a case-by-case basis given the risk exposure of each Council company. Shareholder Sub-Committee should consider the sufficiency of these arrangements at appropriate junctures and make recommendations to the Company (when receiving periodic reports) or Executive (as part of its strategic oversight) as appropriate.

Corporate Structure

- amendment of Articles of Association or other constitutional document;
- admission of new shareholders, members or partners;
- changes in share capital;
- creation of subsidiaries;
- acquisition of shares in other entities;
- mergers;
- restructures.

Governance

- appointment of directors;
- removal of directors;
- appointment of chair;
- appointment of auditors;
- adoption of governance policies.

Strategy

- approval of annual business plans;
- approval of strategic plans;
- material change in business activities;
- entry into new lines of business.

Finance

- arrangements for, and approval of, executive director remuneration
- borrowing above approved limits;
- provision of guarantees;
- security over assets;

- significant acquisitions;
- significant disposals;
- capital investment above approved thresholds;
- dividend declarations.

Property

- acquisition of major assets;
- disposal of major assets;
- grant of long leases;
- material property commitments.

Legal Matters

- commencement of major litigation;
- settlement of significant litigation;
- insolvency proceedings.

Corporate Existence

- cessation of trading;
- dissolution;
- winding up.

Delegation

Articles or Shareholder Agreements may provide for specific reserved matters to be exercised by designated officers including:

- Chief Finance Officer;
- Monitoring Officer;
- Chief Executive;
- Shareholder Representative.

Such delegations should be documented and recorded.

COMPANY REPORTING FRAMEWORK**1. Purpose**

The purpose of this Framework is to establish consistent reporting arrangements between Council companies and the Council, as far as possible.

2. Reporting Principles

Reporting should:

- be proportionate;
- be timely;
- support effective shareholder oversight;
- support democratic accountability;
- avoid duplication.

3. Quarterly Reporting**Financial Performance**

Companies should report:

- profit and loss position;
- balance sheet position;
- cash flow position;
- forecast outturn;
- budget variances; and
- lender covenants.

Strategic Performance

Companies should report:

- progress against business plan;
- performance indicators;
- major projects;
- service performance.

Governance

Companies should report:

- board meetings held;
- director attendance;

- governance issues;
- compliance matters.

Risk

Companies should report:

- key strategic risks;
- emerging risks;
- mitigating actions.

Reserved Matters

Companies should notify:

- actual reserved matters determined;
- anticipated future reserved matters.

4. Annual Reporting

Annual reports should include:

- audited accounts;
- annual business plan;
- strategic review;
- board effectiveness review;
- risk review;
- governance statement.

5. Exception Reporting

Companies shall notify the Council promptly regarding:

- significant financial deterioration;
- material litigation;
- regulatory investigations;
- significant governance failures;
- fraud or suspected fraud;
- insolvency concerns;
- matters creating significant reputational risk.

6. Alignment with Council Processes

Reporting timetables should, wherever possible, align with:

- budget setting;

- medium-term financial planning;
- quarterly finance monitoring;
- performance reporting;
- risk reporting;
- production of the Annual Governance Statement.

7. Review

The Shareholder Sub-Committee shall periodically review reporting requirements to ensure they remain proportionate to:

- the size of the company;
- financial exposure;
- risk profile;
- strategic importance to the Council.

COMPANY ASSURANCE FRAMEWORK**1. Purpose**

This Appendix establishes the minimum governance, company secretarial and administrative arrangements that should be maintained by all entities within the scope of this Protocol.

Its purpose is to ensure that:

- entities remain compliant with legal and regulatory requirements;
- directors are properly supported in discharging their responsibilities;
- shareholder oversight can operate effectively;
- the Council can obtain assurance regarding governance compliance;
- appropriate records are maintained; and
- governance risks are identified and managed at an early stage.

2. General Principles

All entities shall maintain governance and administrative arrangements that are proportionate to:

- their size;
- complexity;
- financial exposure;
- risk profile; and
- strategic significance.

The Council expects governance standards equivalent to those that would be expected of a well-run independent commercial organisation.

3. Company Secretary and Governance Support

Each company shall maintain appropriate company secretarial arrangements.

Those arrangements may be provided by:

- an employed company secretary;
- a contracted governance provider;
- professional advisers;
- shared services arrangements; or
- another arrangement approved by the shareholder.

The company must ensure that appropriate support exists for:

- board administration;
- preparation of agendas;
- minute-taking;
- maintenance of statutory registers;
- Companies House filings;
- governance advice;
- constitutional compliance;
- maintenance of corporate records.

The company secretary (or equivalent governance officer) should have direct access to:

- the Chair;
- the Board;
- senior management; and
- shareholder representatives where appropriate.

4. Governance Records

The company shall maintain:

Constitutional Documents

- Certificate of Incorporation.
- Articles of Association (or equivalent)
- Shareholder Agreements or Members Agreements.
- Board Terms of Reference.
- Committee Terms of Reference.

Statutory* and other Registers

- Register of Directors* (and Directors Residential addresses*).
- Register of Members*.
- Register of Secretaries*
- Register of Persons with Significant Control*.
- Register of Allotments or share transfers.
- Register of Charges.
- Register of Conflicts and Interests.

- Register of Gifts and Hospitality.

Corporate Records

- Board agendas.
- Board reports.
- Board minutes.
- Committee minutes.
- Shareholder resolutions.
- Written resolutions.
- Annual reports.

Records shall be retained in accordance with legal requirements and approved retention schedules.

5. Council Records

The Council shall maintain a central record of all entities falling within this Protocol.

The central record should contain:

- ownership details;
- structure charts;
- governing documents;
- board membership;
- shareholder appointments;
- key contracts;
- audit arrangements;
- reporting requirements.

The Monitoring Officer shall maintain, or arrange for the maintenance of, this record.

6. Board Minutes and Governance Information

Approved board and shareholder minutes shall be made available to the Council subject to:

- legal restrictions;
- commercial confidentiality; and
- data protection obligations.

The Council shall maintain secure copies of:

- shareholder meeting minutes;
- shareholder resolutions;
- annual accounts;
- governance reviews;
- governance compliance reports.

This is intended to ensure continuity of corporate knowledge and provide assurance regarding governance compliance.

7. Statutory Compliance

Each company shall maintain procedures to ensure compliance with all statutory obligations.

This shall include:

Companies House Requirements

- Confirmation Statements.
- Annual Accounts.
- PSC filings.
- Director appointment filings.
- Director resignation filings.
- Registered office requirements.

Taxation Requirements

- Corporation Tax returns.
- VAT obligations.
- PAYE obligations.
- Other relevant tax requirements.

Regulatory Requirements

- Sector-specific requirements.
- Licensing obligations.
- Data protection obligations.
- Employment law obligations.

8. Annual Governance Compliance Review

Each company shall undertake an annual governance compliance review.

The review should confirm compliance with:

- This Protocol;
- Companies Act requirements;
- Articles of Association;
- Shareholder Agreements;
- reserved matter procedures;
- board governance requirements;
- statutory filing obligations;
- auditor requirements.

A summary assurance report shall be provided to the Shareholder Sub-Committee.

9. Professional Advice

Companies should obtain independent professional advice where necessary.

The Board should have access to:

- legal advice;
- accounting advice;
- taxation advice;
- governance advice;
- specialist commercial advice.

The Board must be able to seek advice independently of the Council where necessary for the proper discharge of directors' duties.

Nothing within this Protocol shall prevent directors obtaining independent advice where reasonably required.

10. Accounting Arrangements

Companies shall maintain appropriate accounting arrangements.

The Board shall ensure:

- proper accounting records are maintained;
- financial controls operate effectively;
- annual accounts are prepared on time;
- financial reporting is accurate and complete.

The Council's Chief Finance Officer shall have regard to these arrangements as part of the Council's overall assurance framework.

11. Audit Arrangements

Each company shall appoint appropriately qualified external auditors where required.

External auditors should:

- possess appropriate professional qualifications;
- be independent of company management;
- comply with relevant auditing standards.

Where group accounts are prepared by the Council, audit arrangements should facilitate effective communication and cooperation between:

- company auditors;
- group auditors;
- Council finance officers; and
- Council external auditors.

Companies shall provide such assistance as is reasonably required for group accounting and audit purposes.

12. Governance Health Check

At least annually, each company should complete a governance health check covering:

Governance

- Board properly constituted.
- Board induction and training completed.
- Conflicts appropriately managed.
- Reserved matters complied with.

Compliance

- Companies House obligations completed.
- Regulatory obligations completed.
- Required policies reviewed.

Financial Management

- Executive director remuneration agreed correctly;
- Accounts completed.

- Audit completed.
- Internal controls reviewed.

Shareholder Requirements

- Business plan reviewed.
- Reporting completed.
- Governance review completed.

The outcome shall be reported to the Shareholder Sub-Committee.

13. Escalation of Governance Concerns

The following matters shall be reported promptly to the Monitoring Officer and Chief Finance Officer:

- failure to file statutory returns;
- qualification of accounts;
- significant governance failures;
- regulator investigations;
- any fraud;
- significant litigation;
- director misconduct concerns;
- material breaches of Articles or Shareholder Agreements;
- inability to approve accounts;
- significant weaknesses in internal control.

The Shareholder Sub-Committee shall be informed where appropriate.

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West Surrey Shadow Authority		
Report title: West Surrey Constitution: Procurement and Contract Procedure Rules		
Report to: Audit and Governance Committee Constitution Working Group Standards Committee		
Date: Audit & Governance Committee - 29 th October 2026 Constitution Working Group – 29 th October Standards Committee – 2 nd November 2026		
Executive Portfolio Holder: Cllr Victoria Kiehl and Cllr Leslie Rice		
Report of Vicky Radford, Interim Chief Finance Officer (s151 Officer)		
Report author(s): Anne Epsom, AD Procurement Policy & Operations, LGR Procurement and Contract Theme - Governance Workstream Lead		
Wards affected: ALL Ward councillors informed: No		
Exempt from publication: Annex 1- Internal Thresholds Data Analysis – should be exempt from publication under regulation 3 of Schedule 12A of the Local Government Act 1972 as it relates to the financial or business affairs of the predecessor councils.		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	Shella Smith	19 October 2026
Equalities Impact Assessment complete	N/A	N/A
Senior Responsible Officer (or their delegate)	Terry Collier	16 October 2026
S151 Officer	Vicky Radford	21 October 2026
Monitoring Officer	Susan Sale	21 October 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl Cllr Leslie Rice	ongoing

Committee Chair consultation	Cllr Matt Furniss Cllr Richard Wilson	ongoing
Head of Paid Service	Andy Brown	21 October 2026

1. Executive Summary

- 1.1.** This report presents the final draft of the Procurement and Contract Procedure Rules (“PCPRs”, or “Rules”) section of the new constitution for West Surrey Council.
- 1.2.** Section 9P of the Local Government Act 2000 requires every local authority to prepare, maintain, and keep up to date a formal constitution. This document controls how the new unitary West Surrey Council operates, makes decisions, and handles its governance. It is therefore essential that the unitary authority of West Surrey Council establishes new Procurement and Contract Procedure Rules ahead of Vesting Day on 1st April 2027.
- 1.3.** The PCPRs set out how the Council authorises and manages expenditure and resulting commercial and other contracts with other organisations.
- 1.4.** The final PCPRs are due to be agreed by the West Surrey Shadow Authority, on a recommendation from the Standards Committee early in the New Year.

2. Recommendations:

2.1 It is recommended that the Audit and Governance Committee

- 2.1.1** Considers the proposed Procurement and Contract Procedure Rules, as attached at appendix 2 to this report, and proposes any amendments, comments or feedback, to be taken into account by the Constitution Working Group and Standards Committee;

2.2 It is recommended that the Constitution Working Group

- 2.2.1** Considers the feedback from the Audit & Governance Committee and approves the proposed Procurement and Contract Procedure Rules, as attached at appendix 2 to this report, and recommends them to the Standards Committee for recommendation to the Shadow Authority;

2.3 It is recommended that the Standards Committee:

- 2.3.1** Resolves to recommend the proposed Procurement and Contract Procedure Rules, as amended by the Constitution Working Group, to the West Surrey Shadow Authority for approval and adoption

into the West Surrey Council Constitution with effect from Vesting Day.

2.3.2 Delegates authority to the West Surrey Monitoring Officer to amend the Procurement and Contract Procedure Rules, in line with the resolution of the Standards Committee, and make any other minor and administrative amendments necessary.

3. Reason(s) for recommendation:

3.1. It is a legal requirement for the new West Surrey Council to have an approved Constitution in time for Vesting Day, including standing orders or procedure rules governing Procurement and Contract matters.

4. Next steps

4.1. Audit and Governance Committee - 29th October 2026

4.2. Constitution Working Group – 29 October 2026

4.3. Standards Committee - 2 November 2026

4.4. Shadow Authority meeting – date to be confirmed

4.5. The proposed Procurement and Contract Procedure Rules were discussed by the Audit and Governance Committee on 29 October 2026 and their feedback is summarised in appendix 3 to this report.

4.6. The proposed Procurement and Contract Procedure Rules were considered and discussed by the Constitution Working Group on 29 October 2026 and they took into account the feedback from the meeting of the Audit and Governance Committee earlier the same day.

The Constitution Working Group agreed to recommend the Procurement and Contract Procedure Rules, as set out in appendix 2 to this report with one amendment, to the Standards Committee. The amendment is to reflect the procedure that the contract value for which an overspend triggers a return to Executive for approval of contract award be lowered from £5million to £2.5million.

5. Exemption from publication

5.1. Annex 1 of this report is exempt from publication as it discloses information relating to the financial or business affairs of the predecessor councils.

6. Background and Proposal

6.1. Context

6.1.1. Local Government Reorganisation (LGR) and the formation of the new unitary authority of West Surrey Council requires the development of new constitutional procedures for the procurement and management of contracts. This presents an opportunity to create a new set of procedures rather than simply amend or combine existing documents from across the County (“SCC”) and District and Borough (“D&B”) organisations.

6.1.2. The Proposed approach to the development of the Procurement and Contract Procedure Rules (PCPRs) was discussed by the Audit and Governance Committee and the Constitution Sub-Committee on 17 September 2026¹. Combined feedback from this body, Statutory Officers and Procurement and related stakeholders is summarised and responded to as follows:

- **Include a Glossary:** A list of definitions has been included in Appendix 1 of the PCPRs.
- **Be clear on scope, regulations, principles (including value for money):** Sections 1, 2 and 4 of the PCPRs cover these requirements.
- **Exemptions:** Position earlier in the document and provide comprehensive details. Consider inclusion of Grants. Section 3 of the PCPRs includes details of exemptions and what rules apply instead. Grants are considered outside the scope of Procurement and are covered instead in the Finance Procedure Rules.
- **Strengthening of contract management:** Make sure contract management responsibilities are clear, strengthen the provisions, and ensure a dedicated contract manager for significant contracts. Comprehensive contract management requirements are covered in sections 11-13 of the PCPRs, including the requirement to have a named contract manager, adhere to the Contract Management Framework, and provide performance monitoring reports where required.
- **Ethical Procurement:** Feedback included suggestions of separate sections for social value and climate change, how and what should be considered, monitoring, should requirements be set out in separate policies. Section 7 entitled “Social Value, Environmental Sustainability and Ethical Procurement and Supply Chains” covers a broad range of ethical procurement considerations. Grouping these together has the advantage of presenting all ethical considerations together, with sub-sections clearly calling out the separate policy matters and appearing in the table of contents. In respect of each policy area:
 - **Social Value:** The PCPRs reference the Social Value Model, an outcomes-focused methodology based on best practice, with

¹ [West Surrey Constitution: Contract and Procurement Procedure Rules](#)

outcomes currently aligned with the County Council strategic priorities. At the earliest opportunity, the outcomes reflected in the model will be updated to reflect the strategic priorities of either each new unitary authority (resulting in two models) or at the county level (if the most relevant priorities are instead set by the Foundation Strategic Authority). Further work will be required post-vesting to refine the model or models, as directed.

References are also made to the Social Value Policy, evaluation approach and minimum weightings, reporting against delivery plans and other requirements to help the delivery of social value.

– **Climate Change and Environmentally Sustainable**

Procurement: the section highlights key aspects of, and refers to, the Environmentally Sustainable Procurement Policy, and states that all procurements must make appropriate inclusions such as specifications, tender questions, KPIs etc to deliver environmental benefits covering:

- Climate Change Mitigation and Adaptation;
- Prevention of Pollution;
- Sustainable Resource Use and Consumption; and
- Protection and Restoration of Biodiversity.

– **Modern Slavery and Ethical Supply Chains:** requires Officers to have due regard to the risk of modern slavery, human trafficking and unethical labour practices within authority supply chains. Includes appropriate due diligence to be undertaken to mitigate the risk of exploitative practices.

- **Thresholds:** Options of thresholds to support a decision by Members. Include benchmarking to establish appropriate thresholds and rationale. Annex 1 sets out data analysis undertaken to assess options for the internal threshold – i.e. the value of contract above which Procurement must lead the work. The proposed PCPRs in Annex 2 of this paper have been drafted on the basis of the recommended Option 1 (internal threshold of £100K) in section 9 of this paper, but adjustments can be made should a different internal threshold be selected.
- **Local Government Reorganisation (LGR) considerations:** Consideration of whether additional inclusions required to deal with matters arising from LGR. Section 15 of the PCPRs sets out some LGR related matters. Things that will be included in the Inter-Authority Agreement (IAA) have not been included to avoid risk of duplication/divergence from that critical contract.
- **Legal involvement:** Ensure it is clear when legal get involved in the process and to what level of detail. Sections 13.3 and 13.4 reference legal involvement, with more detail pending in the related How to Buy Guide. The governance table in appendix 3 of the PCPRs further sets out when legal must be involved in contract drafting and signing.

- **Further approvals:** Be clear when these are required, for example project overruns, contract modifications, scope creep etc alongside cost changes. These are set out in various relevant places, e.g. section 5 and 13 and in the Governance Tables found in appendix 3 of the PCPRs.

6.2. Internal Threshold for Procurement Involvement and Other Governance Decisions

6.2.1. One of the most important decisions to make in respect of the PCPRs is the contract value above which Procurement must undertake procurement activity. Annex 1 to this paper sets out analysis undertaken to consider different internal thresholds using the following information:

- **Benchmarking:** Thresholds used by a range of authorities of varying sizes.
- **Contract Volumes:** Estimates of contract / procurement project volumes for the two new unitary councils at different value thresholds.
- **Resource levels:** Comparison of staffing levels and current work volumes vs. the threshold options.

6.2.2. The conclusion of the data analysis in Annex 1, in combination with the options appraisal set out in section 9 below, is that an internal threshold of £100,000 is recommended. This would apply to goods, works and services, and also Light Touch procurements, with procurement undertaking all contracts procured using the Provider Selection Regime, and also any concessions contracts.

6.2.3. There are however some risks and concerns with an internal threshold of £100k, namely:

- **Visibility and savings opportunities:** The lack of visibility of activity below £100k limits the ability to aggregate contracts and achieve savings in this large volume of contracts.
- **Level of process change:** That the existing County and some District and Borough services staff are not familiar with undertaking procurement work, where existing internal thresholds may be lower.
- **Oversight and regulatory compliance:** It could be challenging to satisfy The Procurement Act 2023 (“PA23”) publishing requirements and considerations for convertible procurements (where, by way of extension or modification, a contract originally below the regulatory threshold is pushed above that threshold), amongst other things, where there is no visibility, oversight or control over procurement activity below £100k.

- 6.2.4. It is therefore proposed that arrangements for Procurement oversight of procurements between £25,000 and £100,000 are established. Greater visibility of planned procurement activity in this range would support the identification of aggregation opportunities, efficiencies and other value-for-money benefits and aid in detecting non-compliance, whilst avoiding the resource implications of requiring Procurement to lead all such procurements. To achieve this, the PCPRs include the following requirements in respect of contract values between £25,000 and £100,000 (section 10.6 of the PCPRs):
- Procurement must be informed of the intention to procure prior to the commencement of the procurement exercise;
 - Procurement must approve procurements before they proceed;
 - Procurement reserve the right to call in any procurement for review to ensure that it is following all appropriate regulations, and may, in exceptional circumstances, step in and take over the procurement process to be run within the procurement team;
 - Procurement may refer the purchase to be undertaken by Procurement where it has been identified as an opportunity for aggregation or financial opportunities (cost saving);
 - The Service must run the procurement on the e-sourcing platform applicable at the time of the procurement, (with LGR transition arrangements in place where they do not have such access);
 - The Service is responsible for ensuring any notices required under PA23 are published in time and to sufficient quality, and for informing Procurement that this has occurred; and
 - The Service is responsible for ensuring all internal system records relating to the procurement and the contract are made and maintained and can provide an appropriate audit trail.
- 6.2.5. Other key governance points are set out in Appendix 3 of the PCPRs (which are in Annex 2 of this paper). That governance table covers the following key matters:
- Procurement Route Options
 - Who must authorise Approval to Procure
 - Procurement Process
 - Type of Contract Required
 - Who must approve Contract Award prior to commencement
 - Who signs the contract on the Council's behalf
- 6.3. The Procurement Hosted Shared Service Model and Local Government Reform Considerations**

- 6.3.1. Earlier discussion with Members of both East and West Surrey Shadow Executives considered the matter of the Procurement hosted shared service model and any related implications for the PCPRs, with the following being a summary of those discussions:
- It would be advantageous for both unitary authorities to share the same internal thresholds, given the similar size of both organisations, the basis that internal thresholds should be established by way of data analysis and benchmarking, and that resources will be shared across East and West unitary authorities. Having materially different thresholds would risk impacting the credibility of, and arguments for, the shared service model, and may require differing financial contributions to the service to reflect different resource requirements.
 - That having as identical as possible set of narrative rules would be appropriate, given the need for procurement officers to operate across the new authorities, and that the rules have been developed based on what is considered best practice.
- 6.3.2. The document and governance tables have been constructed to reflect the above, but also to facilitate the adoption of different thresholds in the new authorities in due course, as their insertion into an appended table would make the differences easy to identify.
- 6.3.3. Given each unitary authority is an independent organisation, they could each review the body of the rules over time and adopt changes that reflect adjusted priorities and/or practices across the two as the organisations mature.

7. Consultation

- 7.1. The PCPRs have been developed in collaboration with Officers from the Finance and Procurement LGR workstreams, Shadow Authority Interim Chief Officers and related stakeholders, and based on feedback from Members.
- 7.2. The development of the PCPRs is not considered something that should be subject to public consultation.

8. Key Risks

- 8.1. The principal risk is that the Council does not have a comprehensive set of PCPRs in time for Vesting Day, which would put it in contravention of Section 151 of the Local Government Act 1972.
- 8.2. In addition, there is various legislation relating to procurement activity, in particular the and the Procurement Act 2023 and the Public Services (Social Value) Act 2012, that govern how local authorities procure goods, services and

works. Failure to have robust PCPRs in place in time for vesting day would but the authority's ability to comply with this legislation at risk.

- 8.3. These risks can be best mitigated by engaging in any activity to refine the proposed PCPRs and supporting their process through the democratic process.
- 8.4. The risks associated with the proposed PCPRs having an internal threshold of £100,000 is discussed, alongside with proposed mitigations, in the body of this paper.

9. Options

- 9.1.1. The following options were considered for the internal threshold:

PCPR Option 1: Set an internal threshold of £100,000 (ex VAT), requiring the Procurement Service to lead all procurements above this value.

Advantages

- Aligns with authorities of comparable size, as demonstrated by the benchmarking in Annex 2;
- Focuses Procurement resource on the more risky and complex activity;
- Allows a degree of flexibility and freedom in respect of procuring lower value contracts
- Is likely to be achievable with the existing level of resources (from the county and District and Boroughs).
- It is possible to mitigate much of the advantages noted below.

Disadvantages

- The lack of visibility of activity below £100k reduces the ability to aggregate contracts and achieve savings in this group of contracts.
- That the existing county and some District and Brough services staff are not familiar with undertaking procurement work, where existing internal thresholds may be much lower
- It could be challenging to satisfy Procurement Act 2023 (PA23) requirements (e.g. transparency reporting, convertible procurements) where there is no visibility, oversight or control over procurement activity below £100k.

Reason Recommended

All the data analysis in Annex 1 points to £100k being the right level to set the internal threshold. The disadvantages can be mitigated through:

- Implementing a mechanism to provide visibility, oversight and control of procurement activity for contracts valued between £25-£100k.
- Allowing Procurement to take over procurements where savings opportunities and/or non-compliance suggest an advantage in doing so.
- Training services staff and providing transitional arrangements where for example staff from previous County Directorates where not accustomed to doing their own procurement.

PCPR Option 2: Set an internal threshold of £25,000 (ex VAT) requiring the Procurement Service to lead all procurements above this value.

Advantages

- Procurement Service would have a high degree of visibility and control of procurement activity.

Disadvantages

- Would result in a huge volume of activity for the Procurement Service, almost doubling the workload per resource based on current County Council levels.
- Would either result in a significant slowing of procurement activity, and limiting the ability of the service to deliver the savings and aggregation LGR is intended to achieve, and/or require a significant increase in the resource levels – and therefore also budget – for the Procurement Service.
- Does not focus Procurement expertise where there is greater opportunity for value add.
- Many colleagues in the existing District and Boroughs are accustomed to undertaking their own procurement and much higher levels, requiring a significant change to systems and processes for previously agile activity.

Reason Not Recommended

Benchmarking data suggests it would be very unusual for authorities of the size of East and West Surrey Authorities to set a threshold this low. The anticipated volumes of contracts at this level would be far too high for existing Procurement resources to deliver.

PCPR Option 3: Set a variable internal threshold for procurement team involvement

Advantages

- Could mitigate some of the disadvantages of option 2 above

Disadvantages

- Is not considered best practice
- Would introduce a lot of ambiguity into the PCPRs and therefore provide too much scope for non-compliance

Reason Not Recommended

Considered not robust enough and poor practice.

10. Issues for Consideration

10.1. Financial Implications

- 10.1.1. There are no direct financial implications arising from the proposed action. However, the proposed documents are important for maintaining compliance with financial and procurement regulations, and ensuring the new unitary authority has sufficient controls and governance to minimize the risk of financial loss. This will ensure that value for money is embedded as a core value of the new authority and maximise value for money.
- 10.1.2. There may be financial and value for money implications should the authority elect to set financial thresholds different to those proposed, for example reducing the proposed thresholds would require increased resources to deliver procurement activity so would have to be considered against the value for money of doing so.

10.2. Section 151 Officer Commentary

- 10.2.1. West Surrey will operate in a very challenging financial environment, with significant budgetary pressures and limited financial resources from 2027/28 (Vesting Day), coupled with increasing demand and costs of services, and reducing government funding. West Surrey Council will be increasingly reliant on Council Tax as the primary source of income.
- 10.2.2. Decisions made by the sovereign councils in West Surrey and the West Surrey Shadow Authority will need to consider the ongoing financial impact and ensure that expenditure does not exceed the resources available. It is vital that significant importance is placed on effective financial management and medium-term financial sustainability to deliver a balanced budget going forwards and protect service delivery.
- 10.2.3. Procedure rules ensure good governance and are in place to provide controls for the Council as well as complying with legislation. They are proposed at levels officers feel will be workable whilst providing controls. They can and will be reviewed post vesting day once the adequacy of the levels proposed are tested.

10.3. Legal Implications

10.3.1 Section 9P of the Local Government Act 2000 requires a local authority to prepare, maintain and keep up to date its constitution, including its standing orders and procedure rules. In addition, section 135 of the Local Government Act 1972 requires local authorities to make standing orders for contracts for the supply of goods, materials or the execution of works, including provisions securing competition and regulating the way tenders are invited.

10.3.2 The proposed approach suggested in this report will support compliance with the Procurement Act 2023, the Procurement Regulations 2024. The Procedure Rules should be drafted so that they are in line with the wider constitution, financial procedure rules, officer delegations and decision-making arrangements, and so that they provide a clear framework for lawful, transparent, proportionate and accountable procurement and contract management.

10.3.3 Failure to adopt Contract and Procurement Procedure Rules before Vesting Day would increase the risk of non-compliant procurement activity, unlawful or procedurally defective contract awards, challenge by suppliers, delay to service delivery, reputational damage and potential financial exposure.

10.4 Monitoring Officer Commentary

10.4.1 Adoption of robust Contract and Procurement Procedure Rules by the Shadow Authority into the West Surrey Council Constitution, provides clarity for members, officers and the public, upholds a robust governance framework, ensures compliance with legislation and goes to the heart of the Council's Best Value Duty.

10.5 People/Human Resources Implications

10.5.1 There are no direct staffing or employment implications arising from the approval of the proposed Procurement and Contract Procedure Rules. Their implementation will, however, change responsibilities for some officers, particularly where services will be required to undertake procurement activity below the £100,000 internal threshold. Clear guidance, training and access to appropriate systems will therefore be required so that officers understand their responsibilities and have the capability to comply with the new arrangements. The impact on workloads and capacity within both services and the Procurement hosted shared service should be monitored during implementation, with any material changes to roles or working arrangements managed through the Council's usual people management and consultation processes.

10.6 Equality and Diversity Implications

- 10.6.1 There are no equality impacts arising directly from this report. However, the council's equality duty and equality impacts are considered in relation to each individual procurement or applicable financial transaction undertaken, and references to equality and diversity policies are written into the PCPRs.

10.7 Climate Change and Sustainability Implications

- 10.7.1 There are no direct climate change and sustainability impacts arising directly from this report. However, the proposed PCPRs do set out requirements for considering these matters at the time of any given procurement and so, accordingly sustainability and related considerations will be made at the time any applicable individual procurement or financial transaction is undertaken.

10.8 Stakeholders Implications

- 1.1.1 None anticipated

11 Overview & Scrutiny Comments

- 1.2 Not applicable

12 List of Appendices

ANNEX 1: Internal Thresholds Data Analysis (Exempt)

ANNEX 2: Procurement and Contract Procedure Rules

ANNEX 3: Feedback from the West Surrey Shadow Authority Audit and Governance Committee of 29 October 2026 and Constitution Working Group of 29 October 2026.

13 List of Background papers

West Surrey Audit & Governance Committee, 2 September 2026.

West Surrey Constitution Sub-Committee, 17 September 2026, Constitution: Contract and Procurement Procedure Rules: [West Surrey Constitution: Contract and Procurement Procedure Rules](#)

Regulatory procurement Thresholds: [Guidance: Thresholds \(HTML\) - GOV.UK](#)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Procurement and Contract Procedure Rules

West Surrey Council

Version XX Month/Year

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1. Introduction and Purpose

- 1.1. These Procurement and Contract Procedure Rules (“PCPRs” or “the Rules”) govern the procurement of all supplies of goods, works and services, including healthcare services, via any payment route, for the Council and set out the responsibilities and procedures to be followed by Officers when undertaking procurement activity on behalf of the Council.
- 1.2. The Council is required by section 135 of the Local Government Act 1972 to maintain these Procedure Rules as part of the Constitution.
- 1.3. Detailed operational guidance on how to conduct compliant procurements is contained within the Procurement How to Buy Guide (“How to Buy Guide” or “the Guide”). The Guide should be read in conjunction with these Rules and all applicable legislation, policies and statutory guidance.
- 1.4. Officers must be able to demonstrate that decisions are lawful, deliver value for money, manage risk appropriately and are supported by an audit trail.
- 1.5. The procurement lifecycle spans from the identification of need through to contract expiry or the end of the useful life of an asset. It includes an options appraisal and consideration of whether requirements should be delivered through internal provision or external procurement.
- 1.6. Failure to comply with these Rules may result in procurement decisions being challenged, contracts being declared ineffective or set aside, financial penalties, reputational damage, audit recommendations, and disciplinary action against responsible Officers. Non-compliance may also constitute a breach of statutory procurement obligations, undermine transparency and value for money, and expose the authority to legal, financial, reputational and operational risk.
- 1.7. The Director of Procurement is the custodian of these Rules and is responsible for keeping them under review. The Director of Procurement shall have delegated authority to make the following incidental amendments to these Orders from time to time:

- a. Changes to the Regulatory Thresholds set out in the applicable Procurement Legislation to reflect changes made by central government;
- b. Changes to job titles, departments and roles of staff where these reflect organisational changes (i.e. not where doing so would in effect alter a delegation of authority);
- c. Links or references to or contained within Appendix 1; and
- d. Changes required to clarify or add or remove definitions.

2. Scope

- 2.1. The PCPRs apply to all employees, Officers, consultants and other individuals acting on behalf of the Council(s) who are involved in the commissioning, procurement, award and management of contracts for goods, services, works and healthcare services.
- 2.2. The PCPRs operate alongside applicable legislation, including the Procurement Act 2023 (PA23), Procurement Regulations 2024, Public Contract Regulations 2015 (PCR2015), Provider Selection Regime (PSR), Public Services (Social Value) Act 2012, and any other relevant statutory requirements. They should be read in conjunction with the Council's Finance Procedure Rules, Scheme of Delegation, and any other Council policy that relates to the activities being undertaken (for example prevailing policies covering matters such as Social Value, Environmentally Sustainable Procurement, and Equality and Diversity). Where there is a difference between Procurement Legislation and these Rules and/or other policies, Procurement Legislation prevails.
- 2.3. Officers undertaking procurement activity through a shared service arrangement shall be subject to the Procurement and Contract Procedure Rules (or equivalent) of the Council on whose behalf they are acting, irrespective of their employing organisation.

Exemptions

- 2.4. The following contracts and/or contracting activities are exempt from these Rules:

Exemption	Notes
Services exempt under Schedule 2 of Procurement Act 2023 (or relevant exemptions under previous procurement legislation)	See link in Appendix 1
Contracts for the acquisition or lease of land and/or real estate	Managed via Property Services
Contracts for permanent or fixed-term employment	HR/Recruitment Policies
Direct payments to customers following care assessment (for example, payments under Self-Directed Support or Individual Budgets)	Governed under The Care Act 2014
Non-trade mandatory payments to third parties, such as insurance claims, pension payments, payments to public bodies	
A declared emergency authorised by the Emergency Planning Officer / Emergency Planning and Resilience Team.	The Civil Contingencies Act 2004 / Council's emergency planning or business continuity procedures
Awarding of Grants	Managed according to locally agreed Grant policies or process
Placement of a Child & Young Person with Special Educational Needs & Disabilities where already directed following statutory assessment including but not limited to, overarching contracts with independent schools.	Children and Families Act 2014, Education Act 1996, SEND Code of Practice: 0 to 25 years, and/or any guidance issued by the Education and Skills Funding Agency

3. Roles and Responsibilities

- 3.1. Whilst specialist advice and support are available from Procurement, Legal, Finance, and other professional functions, responsibility for ensuring compliance with these Rules and accountability for the successful delivery of the procurement and resulting contract rests with the relevant budget holder and contract owner.
- 3.2. Directors are responsible for ensuring that effective governance and oversight arrangements operate within their services.

4. Procurement Principles

- 4.1. The Authority will undertake all procurement activity in accordance with the principles of:
- Value for money and efficient use of public resources.
 - Maximising public benefit through the delivery of economic, social and environmental outcomes.
 - Maximising income generation through contracts and commercial opportunities.
 - Transparency, accountability and openness in decision making.
 - Integrity, ethical conduct and management of conflicts of interest.
 - Fair treatment of suppliers and the promotion of effective competition.
 - Proportionality, ensuring procurement activity is appropriate to the value, risk and complexity of the requirement.
 - Social Value.
 - Sustainability and the Authority's environmental objectives.
 - Equality, Diversity and Inclusion in accordance with the Equality Act 2010.
 - Support for small and medium-sized enterprises (SMEs), voluntary, community and social enterprise organisations (VCSEs), and innovation.
 - Collaboration and partnership working where this delivers better outcomes.

- 4.2. In undertaking procurement activities, the Authority shall have regard to the Public Services (Social Value) Act 2013, National Procurement Policy Statement and any subsequent procurement policy statements and requirements issued by the Government.

5. Governance Framework

- 5.1. Procurement decisions must be taken in accordance with these Rules, the Council's Constitution, Scheme of Delegation and Finance Procedure Rules. Officers must obtain the approvals specified in Appendix 2 before commencing a procurement, awarding a contract, approving a contract modification, exercising a contractual option, or taking any other procurement-related decision requiring approval. Decisions must be supported by an appropriate audit trail.

Procurement Board

- 5.2. Approval from the Procurement Board (or any equivalent and/or successor body) must be obtained before commencing procurement activity where the proposed spend is subject to Procurement Board review in accordance with the Council's current governance requirements.
- 5.3. Details of the categories, thresholds and approval requirements are available on the intranet or via the link in [Appendix 2](#).
- 5.4. Approval from the relevant budget holder(s) must be obtained before commencing any procurement activity to ensure that funding is available and expenditure has been appropriately authorised.

Approval to Procure and the [Procurement Forward Plan \(PFP / PP\)](#)

- 5.5. To support effective planning and oversight of procurement activity throughout the Council, the Director of Procurement will develop and maintain a Procurement Forward Plan (PFP). The plan will be divided into two parts:

PFP Part A: Approval to Procure and Delegated Authority to Award

- 5.6. A detailed 12-month forward plan will be maintained for each Directorate (or equivalent), setting out all contracts above the Goods and Services

Regulatory Threshold which require renewal or replacement, together with any new procurement requirements expected within the next financial year.

- 5.7. PFP: Part A shall be developed during the annual business planning cycle and agreed with the relevant Service Directors, following consultation with Finance Officers. The Plan shall then be submitted to the **Executive** for approval. **Executive** approval of PFP: Part A shall constitute approval to commence the procurement activities identified within it (Approval to Procure), and no further **Executive** approval shall be required unless there is a material change to the approved procurement strategy or scope.
- 5.8. Where the proposed contract award value exceeds the budget agreed with Finance by more than 5%, the matter must be reported for approval in accordance with the Approval to Procure tables in Appendix X. The contract award shall not proceed until the required approval has been obtained.
- 5.9. Where an above threshold procurement requirement arises during the financial year that has not been identified within or approved through PFP: Part A, the relevant Head of Service must seek Approval to Procure before any procurement activity commences.
- 5.10. For capital projects, approval may be granted by the Capital Programme Panel (or equivalent).
- 5.11. For revenue-funded procurements, approval must be obtained in accordance with the following approval limits:
- Value under £1m - Head of Procurement and **Executive Director** of relevant Service in consultation with Portfolio Holder, **Executive Director Finance (s151) Governance and Assets / Executive Director Finance and Assets (S.151)**
 - Value over £1m - As above including **Executive**.
- 5.12. Where the procurement involves Information Technology (IT), Digital, Data, or Technology-related goods, services, or solutions, Approval to Procure must also be approved by the **Director of Digital / Director of IT** before the procurement process may commence.
- 5.13. Approval to Procure and any delegated authority to Award are granted on the basis of the information presented at the time approval is obtained. Where

there is a material change to the approved scope, value, risk profile, procurement strategy, funding arrangements, contract term or delivery model, further approval must be sought in accordance with Appendix 2 before proceeding.

- 5.14. Where an extension or modification of a contract is requested, and/or a waiver to these Rules is required, the approvals must be sought in line with the details set out in the tables and Appendix X. The total, revised value of the contract - including any proposed extension of variation m- if the value that must be used to determine the requirements such as approval to award a contract.

PFP Part B: Procurement Pipeline

- 5.15. Part B of the Procurement Forward Plan (PFP) will set out anticipated procurement activity for the financial year beyond that covered by Part A. It allows the council to satisfy pipeline reporting requirements under PA23, and provides early visibility of future procurement requirements and support strategic planning, market engagement, and resource allocation across the Council.
- 5.16. For the avoidance of doubt, inclusion of a procurement within Part B does not constitute Approval to Procure or Approval to Award. Such approvals must be obtained in accordance with the requirements of these Rules.
- 5.17. To comply with legislative transparency requirements under PA23, the Council shall maintain a Procurement Pipeline through the publication of Pipeline Notices for procurements that meet the statutory thresholds and criteria prescribed by legislation and associated regulations. Collectively, these notices shall form the Council's Procurement Pipeline and shall set out proposed procurement activity for the relevant reporting period. Pipeline Notices shall be published on the Central Digital Platform, or any successor platform required by legislation, and updated as necessary to reflect planned procurement activity.

6. Standards of Conduct

Conflicts of Interest

- 6.1. The Council must take all reasonable steps to identify, mitigate and keep under review conflicts of interest arising in procurement activity. Officers involved in a procurement or contract management activity must declare any actual, potential or perceived conflict of interest and comply with any mitigation measures required by the Council. Conflict of interest assessments and declarations must be completed and updated where required by PA23, these PCPRs and any other relevant policies, procedures and rules of the Council. Officers must also comply with the Council's Declarations of Interest Policy.

Gifts and Hospitality

- 6.2. Officers must not accept gifts, hospitality or other benefits that could influence, or reasonably be perceived to influence, the award, management or performance of a contract. Any gifts or hospitality offered or received in connection with procurement activity must be declared and recorded in accordance with the Council's Gifts and Hospitality Policy or equivalent.

Anti-Fraud, Corruption and Bribery

- 6.3. Officers involved in procurement and contract management activities must comply with the Council's policies relating to fraud, corruption and bribery. Officers must not seek, offer, give or accept any inducement or advantage that could improperly influence, or be perceived to improperly influence, a procurement or contract-related decision. Any suspected fraud, corruption, bribery, collusion, anti-competitive behaviour or other procurement irregularity must be reported in accordance with the Council's procedures.

Confidentiality and Information Management

- 6.4. Officers must protect commercially sensitive, confidential and personal information obtained through procurement and contract management activities. Information must only be disclosed where authorised or required by

law and must be managed in accordance with applicable information governance, data protection and records management requirements.

7. Social Value, Environmental Sustainability and Ethical Procurement and Supply Chains

- 7.1. The Council may from time to time adopt local, regional or national policies relating to ethical, environmental, sustainable and social value procurement objectives. Officers shall have regard to such policies and, where relevant and proportionate, incorporate the associated requirements into procurement strategies, procurement documentation, evaluation processes and contract management arrangements. Further information is set out in Appendix x.

Social Value

- 7.2. The Council will seek to maximise social value through its procurement and contract management activities by securing additional economic, social and environmental benefits for residents, communities and the local area. Procurement activity must support the Council's strategic priorities and contribute to wider community outcomes where this is relevant and proportionate to the subject matter, value and risk of the contract.
- 7.3. All Officers must consider social value opportunities at an early stage of the procurement process. Officers must adhere to the Social Value Policy, as published on the Council's website and updated from time to time, and to the Council's prevailing Social Value Model or equivalent. Social Value commitments must be clearly connected to the outcomes they aim to achieve, with outcomes and key performance indicators incorporated into core contractual requirements. Social Value in tenders will be evaluated as part of the quality evaluation, in which clear method statements and delivery plans will be expected from bidders, and, wherever possible, no less than 10% of quality evaluation should be applied to Social Value.
- 7.4. Contract Managers must take ownership of ensuring all Social Value committed to by Suppliers is delivered, and of providing social value delivery reporting data where requested.

- 7.5. Procurement may issue guidance from time to time regarding the Council's Social Value priorities, evaluation requirements, reporting arrangements and the use of approved social value measurement tools. Officers must have regard to such guidance when undertaking procurement activity.

Climate Change and Environmentally Sustainable Procurement

- 7.6. A healthy and properly functioning natural environment is the foundation of a thriving economy, employment stability, prospering communities and personal wellbeing. The procurement of goods, works and services has environmental implications, both in their respective local areas and around the planet and, as a result, the Council is actively working to reduce and minimise these negative effects where possible.
- 7.7. Environmentally sustainable procurement is the commissioning, purchase and management of goods, works and services in a way that reduces or negates negative environmental impacts within the supply chain. As set out in the Environmentally Sustainable Procurement Policy (or equivalent), four interconnected focus areas must be considered when procuring items on behalf of the Council:
- Climate Change Mitigation and Adaptation;
 - Prevention of Pollution;
 - Sustainable Resource Use and Consumption; and
 - Protection and Restoration of Biodiversity.
- 7.8. Procurements must be considered against the Environmentally Sustainable Procurement Policy (or revised equivalent) and environmental considerations are to be built into the procurement and delivery of goods, works and services through specifications, tender questions, evaluation criteria, key performance indicators and clauses of contracts.

Modern Slavery and Ethical Supply Chains

- 7.9. Officers must have due regard to the risk of modern slavery, human trafficking and unethical labour practices within the supply chains associated with the goods, services and works being procured. Officers shall undertake appropriate and proportionate due diligence throughout the procurement and

contract management lifecycle to provide assurance that suppliers, and where relevant their supply chain partners, conduct their business activities in a fair, lawful and ethical manner, and to mitigate the risk of exploitative practices.

7.10. Such due diligence shall include, but not be limited to:

- a. Ensuring compliance with the requirements of Section 54 (Transparency in Supply Chains) of the Modern Slavery Act 2015;
- b. Incorporating appropriate modern slavery and ethical employment considerations within procurement specifications and requirements;
- c. Including modern slavery and ethical supply chain considerations within selection, conditions of participation and tender evaluation processes, where appropriate, to assess a supplier's capability to identify, manage and mitigate associated risks; and
- d. Embedding appropriate due diligence, monitoring and compliance requirements within contractual terms and conditions.

8. Planning the Procurement

- 8.1. Before commencing a procurement, Officers must ensure that there is a clearly identified business need, sufficient budget provision and that any required approvals have been obtained in accordance with the Council's Governance Framework and Procurement Forward Plan requirements. Procurement activity must be planned in a manner that is proportionate to the value, complexity, risk and strategic importance of the requirement.
- 8.2. Officers must consider whether the requirement can be delivered through existing arrangements, internal provision, shared services, collaborative opportunities or other alternative delivery models. The rationale for the selected approach must be documented.

Market Engagement

- 8.3. Officers should consider undertaking pre-market engagement as part of procurement planning to inform the procurement strategy, specification, budget and delivery approach. Any engagement must be conducted fairly and transparently, with appropriate records maintained and any statutory notice

requirements complied with. Further guidance is contained within the How to Buy Guide.

Contract Valuation

- 8.4. Contract Values must be calculated in accordance with Procurement Legislation and include the total value payable over the full term of the Contract, including any options to extend, modify or renew.
- 8.5. Contracts must not be artificially divided, undervalued or otherwise structured to avoid the requirements of Procurement Legislation, these Rules or associated governance arrangements.

9. Choosing the Procurement Route

Determining the Procurement Type

- 9.1. Before undertaking any procurement activity, Officers must determine the nature of the requirement and identify the procurement category to which it relates. The applicable procurement legislation, thresholds and procedural requirements will vary depending on the procurement category and estimated contract value.
- 9.2. Procurement requirements will generally fall within one of the following categories:
 - Goods and Services;
 - Works;
 - Light Touch Services;
 - Healthcare Services subject to the Provider Selection Regime (PSR);
and
 - Concessions.
- 9.3. Further information on procurement categories, applicable legislation and threshold values is set out in Appendix 3.

Existing Arrangements

- 9.4. Before commencing a new procurement exercise, Officers must consider whether the requirement can be met through an existing compliant arrangement.
- 9.5. This may include:
- Existing contracts;
 - Framework agreements;
 - Open Frameworks;
 - Dynamic Markets;
 - Collaborative arrangements;
 - Shared service arrangements; or
 - Any other compliant route available to the Council.
- 9.6. Where a suitable existing arrangement is available and capable of meeting the Council's requirements, its use should be considered before commencing a new procurement exercise. The rationale for the chosen approach must be documented.

New Procurement Exercises

- 9.7. Where no suitable existing arrangement is available, a new procurement exercise may be undertaken.
- 9.8. The procurement route selected must be:
- Lawful;
 - Proportionate;
 - Appropriate to the value, risk and complexity of the requirement;
 - Consistent with the Council's procurement objectives; and
 - Capable of delivering value for money and maximising public benefit.
- 9.9. The procurement routes available to the Council are set out in Appendix 2 and may include quotation processes, tender exercises, framework establishment procedures, Dynamic Markets and any other routes permitted by applicable procurement legislation.

- 9.10. Where there is uncertainty regarding the appropriate procurement category, route to market or legislative requirements, Officers must seek advice from Procurement before proceeding.

10. Conducting the Procurement and Award

- 10.1. Contract award decisions must be based on the published procurement requirements and undertaken in a fair and transparent manner.
- 10.2. Appropriate records must be maintained to demonstrate compliance with these Rules and applicable legislation. Detailed guidance on the conduct of procurement exercises and contract award procedures is contained within the How to Buy Guide.
- 10.3. Contract Awards must be made in line with the approvals set out in Table XX in Appendix 2.
- 10.4. Financial assessments of proposed suppliers must be made as proportionate to the risk, value and complexity of the contract. If necessary, seek advice from Finance.
- 10.5. Suppliers must be checked on the central government Debarment List prior to the award of a contract. The list includes excluded suppliers (mandatory exclusion on grounds such as cartel activity, corruption, or severe modern slavery breaches) and excludable suppliers (discretionary exclusion on grounds such as poor contract performance or financial due diligence failures).

Services Led Procurements of between £25,000 and £100,000

- 10.6. Where the table in Appendix X allows for Services to lead procurements with procurement oversight, the following applies:
- Procurement must be informed of the intention to procure prior to the commencement of the procurement exercise;
 - Procurement must approve procurements before they proceed to ensure alignment with the overarching procurement strategy;
 - Procurement reserve the right to call in any procurement for review to ensure that it is following all appropriate regulations, and may, in

exceptional circumstances, step in and take over the procurement process to be run within the procurement team;

- Procurement may refer the purchase to be undertaken by Procurement where it has been identified as an opportunity for aggregation or financial opportunities (cost saving);
- The Service must run the procurement on the e-sourcing platform applicable at the time of the procurement, (see section 16.1(f) for Local Government Reform transition arrangements);
- The Service is responsible for ensuring any notices required under PA23 are published in time and to sufficient quality, and for informing Procurement that this has occurred; and
- The Service is responsible for ensuring all internal system records relating to the procurement and the contract are made and maintained and can provide an appropriate audit trail.

10.7. The above applies in all procurement exercises, including where a waiver of these Rules is required and/or there is a requirement to extend or modify and existing contract.

10.8. Further information is available in the How to Buy Guide and intranet pages.

Reserving Procurements for Local Suppliers

10.9. In accordance with applicable Procurement Legislation and Government policy, Officers may consider the reservation of below-threshold procurements to support local economic growth, resilient supply chains, SMEs and VCSEs. Any use of reserved procurements must be justified on a case-by-case basis, documented appropriately and undertaken in accordance with the How to Buy Guide.

11. Contract Formation

11.1. All purchases and contracts must be supported by an appropriate contractual arrangement that is proportionate to the value, risk and complexity of the requirement. The minimum contractual requirements are set out in the approval tables in Appendix 2.

- 11.2. Contracts shall include insurance requirements appropriate to the value, risk and nature of the requirement. Officers must ensure that adequate insurance arrangements are in place before a contract commences where such insurance is required, with advice sought from the Council's Insurance Team or equivalent, where appropriate.
- 11.3. No contract shall commence, nor goods, works or services be ordered, until the relevant contractual arrangements have been completed and all required approvals have been obtained, and publication requirements, notices and standstill obligations have been satisfied.
- 11.4. The form of contractual arrangement used may include a Purchase Order incorporating the Council's standard terms and conditions, a framework call-off agreement, a standard form contract or a bespoke contract, as appropriate to the procurement being undertaken.
- 11.5. Contracts must be executed in accordance with the Council's Constitution, Scheme of Delegation and any requirements relating to authorised signatories, sealing or execution as a deed.
- 11.6. The Council's e-tendering, contract management and record management systems must be used to manage contract awards and maintain contract documentation and associated records.
- 11.7. All Contracts must have an identified Contract Manager who is responsible for the contract and supplier relationship. Where a Contract requires active contract management, a designated Contract Manager must be appointed and recorded in the Council's contract management system.
- 11.8. Where appropriate, arrangements shall be made for the mobilisation and implementation of the Contract to ensure an effective transition into service delivery.
- 11.9. Detailed procedures relating to contract execution, contract documentation, publication requirements, mobilisation, transition and contract exit arrangements are contained within the How to Buy Guide. Officers must ensure that appropriate exit and handover arrangements are considered throughout the contract lifecycle and must have regard to that guidance when undertaking procurement and contract management activity.

12. Contract Management

- 12.1. The Contract Management Framework identifies the minimum contract management requirements for all contracts, according to their segmentation level, and services must ensure that a designated Contract Manager is assigned throughout the life of the contract or identify an individual in the service who is responsible for contract. Any change to the designated Contract Manager or identified individual, must be recorded promptly within the Council's contract management systems and associated records. Contract Managers and service areas are responsible for ensuring that:
- a. Contract performance is monitored and managed throughout the contract lifecycle;
 - b. Contractual obligations, service levels, performance measures and agreed outcomes are reviewed on a proportionate basis;
 - c. Appropriate contract management documentation and records are maintained;
 - d. Any applicable legislative, transparency and reporting requirements relating to contract performance are complied with;
 - e. Risks, issues, contract modifications, extensions and supplier performance concerns are managed appropriately and escalated where required; and
 - f. Business continuity and exit arrangements are maintained where proportionate to the value, risk and criticality of the contract.
- 12.2. For Contracts subject to Procurement Act 2023 transparency and contract management requirements, Contract Managers must ensure that all contract performance monitoring, KPI reporting, supplier performance assessments, publication requirements and associated notices are completed accurately and within the required timescales.
- 12.3. Detailed requirements relating to the Council's Contract Management Framework, contract management plans, performance monitoring, supplier management, business continuity arrangements and statutory reporting obligations are set out in the How to Buy Guide and/or the Contract

Management Framework. Officers must have regard to that guidance when undertaking contract management activities.

13. Contract Extensions and Modifications

- 13.1. Contract extensions and modifications may only be approved where permitted by the Contract, applicable legislation and the Council's governance arrangements. Such changes must be approved in accordance with Appendix X and supported by an appropriate audit trail. The value to be used to determine requirements as set out in the tables in Appendix X is the total, revised value of the contract - including any proposed extension or variation.
- 13.2. An extension or modification that was not explicitly allowed for in the original contract and/or that exceeds the original budget approval and that increases the total contract value into next threshold (as per Appendix X) must be approved as per the contract approval requirements for the revised value.
- 13.3. Procurement and Legal Services must be consulted where required by the nature, value or risk of the proposed change. More information is contained in the How to Buy Guide.

Contract Novation

- 13.4. Where a Contract is proposed to be transferred to another legal entity, the proposed novation must be reviewed and approved in accordance with applicable legislation and the Council's governance arrangements before it takes effect. The Contract Manager is responsible for ensuring that Procurement, Legal Services and the Contract Register are updated as required.

14. Exemptions, Waivers and Emergency Procurement

Waivers

- 14.1. A waiver is required where a proposed procurement activity or contract modification does not comply with these Rules.

- 14.2. A waiver may only be approved where there is a clear and justifiable business reason for doing so and where the proposed course of action complies with Procurement Legislation and all other applicable legal requirements. A waiver must not be approved where it would result in a breach of Procurement Legislation or any other applicable legislation.
- 14.3. Requests for a waiver must be made in writing and must clearly identify the requirement from which a waiver is sought, the reasons for the request, the risks arising from the proposed approach and the measures to mitigate those risks. Further details can be found in the How to Buy Guide.
- 14.4. Waivers must be approved in accordance with the Council's governance arrangements before any commitment is made to a supplier. Retrospective waivers will not normally be permitted and may be treated as non-compliance with these Rules.
- 14.5. A complete record of all waivers and supporting approvals shall be maintained to provide an appropriate audit trail.

Emergency Procurement

- 14.6. Emergency procurement arrangements may only be used where there is a genuine and immediate risk to life, property, service continuity or the Council's ability to discharge its statutory obligations, and there is insufficient time to comply with the Council's normal procurement requirements. Any emergency procurement must be limited to what is reasonably necessary to address the immediate situation and, wherever practicable, must achieve value for money.
- 14.7. The circumstances giving rise to the emergency, the decisions taken, expenditure incurred and approvals obtained must be documented and retained as part of the procurement record.
- 14.8. The use of emergency procurement arrangements does not remove the requirement to comply with Procurement Legislation or any other applicable legal requirement where compliance remains possible in the circumstances.
- 14.9. Urgent issues arising during the delivery of a Contract do not automatically constitute an emergency and should normally be managed through the Council's contract management arrangements, including the use of

contractual provisions, contingency measures and business continuity arrangements where appropriate.

- 14.10. Detailed procedures relating to waivers, emergency procurement and associated approval requirements are contained within the How to Buy Guide. Officers must have regard to that guidance when undertaking procurement activity.

15. Transparency, Records and Reporting

- 15.1. The Council must conduct procurement and contract management activities in a transparent, accountable and auditable manner and must comply with all applicable transparency and publication obligations arising from Procurement Legislation and any other statutory requirements.
- 15.2. The Council must maintain a Contract Register in accordance with legislative and corporate requirements. Budget Holders and Contract Owners must ensure that complete and accurate contract information is provided promptly and that contract records are kept up to date throughout the contract lifecycle.
- 15.3. Officers must ensure that all notices, disclosures and other information required by Procurement Legislation are published accurately and within the prescribed timescales.
- 15.4. Contract Managers must ensure that any contract management notices, performance reporting requirements, publication obligations and transparency information required throughout the life of a Contract are completed accurately and within the required timescales.
- 15.5. Appropriate records must be maintained throughout the procurement lifecycle to provide a clear audit trail of procurement decisions, approvals, communications, evaluations, contract awards, contract modifications and contract management activities. Records must be sufficient to explain and justify material decisions taken during the procurement process and to demonstrate compliance with legal, financial and governance requirements. Procurement and contract records shall be retained in accordance with applicable legislation, the Council's records retention requirements and information governance policies.

- 15.6. Any significant procurement non-compliance, irregularity or matter presenting material legal, financial, operational or reputational risk must be reported in accordance with the Council's governance arrangements.
- 15.7. Detailed arrangements relating to publication requirements, transparency obligations, the Contract Register, records management, retention requirements and reporting processes are set out in the How to Buy Guide. Officers must have regard to that guidance when undertaking procurement activity.

Review and Continuous Improvement

- 15.8. The Council will monitor compliance with these Rules and may undertake reviews of procurement and contract management activity to assess compliance with legislative, governance and policy requirements. Officers must cooperate with any procurement review, assurance activity, audit, inspection or investigation and provide such information and assistance as may reasonably be required.
- 15.9. Any findings arising from internal audit, external audit, procurement assurance reviews, inspections or other review activities shall be considered by the appropriate Officers and, where necessary, appropriate corrective action shall be taken.
- 15.10. Significant instances of non-compliance, control weaknesses, procurement irregularities or recurring issues shall be reported and managed in accordance with the Council's governance arrangements.
- 15.11. These Rules shall be reviewed periodically and updated as necessary to ensure continued compliance with legislative requirements and alignment with the Council's governance and procurement objectives.
- 15.12. The Director of Procurement may make administrative amendments to these Rules to reflect changes to statutory thresholds, legislative references, organisational structures, job titles, hyperlinks, cross-references and definitions, provided that such amendments do not alter the substantive effect of these Rules. The Council may monitor and evaluate procurement outcomes, including value for money, social value, environmental benefits,

Supplier performance and other agreed contractual outcomes, in order to assess effectiveness and support continuous improvement.

- 15.13. Detailed arrangements relating to compliance monitoring, audit, assurance reviews, lessons learned, continuous improvement activities and the review of procurement guidance are set out in the How to Buy Guide and associated governance documents. Officers must have regard to that guidance when undertaking procurement activity.

16. Local Government Reform (LGR) Transitional and Legacy Arrangements

- 16.1. The following will apply in addition to the PCPRs to accommodate LGR transformational arrangements. This list is not exhaustive and should be considered in tandem with the Inter Authority Agreement, Section 16, and any other applicable LGR related policy, process or requirement.
- g. The Procurement Service is a hosted service which will be reviewed annually through the production of an Annual Report to be considered by the appropriate leadership in the relevant authorities. Any Officer procuring goods, services or work, or undertaking any activity covered by these Rules, must follow the Rules applicable for the Authority for which they are procuring on behalf of, not the authority by which they are employed.
 - a. Where the Council is party to a contract, framework, collaboration agreement, shared service arrangement or other commercial arrangement inherited through Local Government Reorganisation, service transfer or organisational change, Officers must have regard to the terms of any applicable inter-authority agreement, transfer scheme or partnership agreement before taking any procurement or contractual decision.
 - b. No material contract modification, extension, novation, termination or other change to a jointly managed or shared arrangement shall be made without complying with the approval, consultation and consent requirements set out in the relevant agreement and seeking agreement with the other

contracting Authority (for tri-party contracts) or recipient of hosted services (for hosted contracts).

- c. Where the relevant agreement does not specify the process, responsibilities or decision-making requirements, any proposed change must be approved in accordance with the Council's governance arrangements and these Rules. Officers must consult Procurement and Legal Services before implementing any material change.
- d. In cases of uncertainty regarding contract ownership, authority, rights, obligations or decision-making responsibilities, no action shall be taken until the appropriate governance route has been established and any required approvals obtained.
- e. Where systems, process or other local arrangements have yet to be transformed, temporary arrangements may be made to support Officers complying with these rules. For example if Service Officers do not have access to an e-sender to allow for the compliant procurement of contracts valued between £25,000 and £100,000 then Procurement may support them to do this.

16.2. These LGR transitional and legacy arrangements will be reviewed annually and, where required, changes can be made by the **Executive Director Finance (s151) Governance and Assets / Executive Director Finance and Assets (S.151)** in agreement with the Leader of the Council.

Appendices

Appendix 1 – Definitions

Appendix 2 – Governance Tables / Information

Appendix 3 – Procurement Regulatory Thresholds

Appendix 4 – Links to supporting materials

Appendix 1: Definitions

Term	Definition
Approval to Procure	The approval required to commence a procurement process in accordance with these Rules and the Council's governance arrangements.
Best Value	The duty imposed by the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to economy, efficiency and effectiveness.
Breach	A failure to comply with Procurement Legislation, these Rules or contractual obligations.
Budget Holder	An Officer who is accountable for an approved budget and responsible for authorising and managing expenditure in accordance with the Council's Financial Regulations and Scheme of Delegation.
Commissioners	Officers involved in designing, securing and monitoring services in response to identified needs and priorities.
Conflict of Interest	An actual, potential or perceived conflict between the interests of a person acting in relation to a procurement and the proper discharge of their duties.
Concession Contract	A contract for works or services where the supplier's consideration consists wholly or mainly of the right to exploit the works or services and where the supplier assumes operating risk.
Contract	Any agreement, framework agreement, concession, call-off arrangement, Purchase Order or other legally binding arrangement for the provision of Goods, Services or Works.
Contract Management Framework	The Council's framework, guidance and procedures for managing Contracts throughout their lifecycle.

Contract Manager	The Officer responsible for managing a Contract, including contract administration, performance management, supplier relationship management and contract delivery.
Contract Modification	Any change to the scope, value, duration or terms of a Contract following award, including extensions, variations, amendments, novations and other change control actions.
Contract Register	The Council's corporate record of Contracts and other contractual arrangements maintained in accordance with legislative and corporate requirements.
Contract Value	The total estimated value of a Contract calculated in accordance with applicable Procurement Legislation.
Council	[Name of Authority].
CPV Codes	Common Procurement Vocabulary codes used to classify procurement requirements and determine the applicable procurement regime.
Dynamic Market	A Dynamic Market established in accordance with Procurement Legislation.
Emergency Procurement	A procurement undertaken where there is a genuine and immediate risk to life, property, service continuity or the Council's ability to discharge its statutory obligations.
Officer	Any employee, officer, consultant or other individual acting on behalf of the Council who is involved in commissioning, procurement, contract management, expenditure, contract award or other activities governed by these Rules.
Regulatory threshold	Means the relevant threshold applicable to procurement by English law or regulation.

Appendix 2: Governance Tables / Information

[Insert link to intranet for Procurement Board approval details](#)

Insert Governance Table(s) here:

Appendix 3: Regulatory Thresholds

Procurement Type	Definition	Thresholds (inc. VAT where applicable)
A: Goods or Services Procurement Act 2023	Goods or Services* (Excluding Light-Touch and Healthcare services – see Type C/D below as applicable)	£207,720
B: Works Procurement Act 2023	Works - A contract is a “works contract” if its main purpose is— (a) the carrying out of works under the contract (whether or not resulting in a complete work), or (b) to facilitate the carrying out of works otherwise than under the contract, where those works are intended to result in a complete work that complies with specifications set out in, or determined under, the contract. “Works” means the activities which fall within the CPV codes listed in Schedule 3 to the Procurement Regulations 2024.	£5,193,000
C: Light Touch Procurement Act 2023	Contracts wholly or mainly for the supply of services of a kind specified in regulations. These “light touch services” are set out in Schedule 1 of the Procurement Regulations 2024 using CPV codes These services include adult and children’s social care, community services and legal services	£663,540
D: Provider Selection	PSR 2023 covers procurement of certain healthcare services in England.	No threshold

Regime (PSR 2023) Health Care Services Regulations 2023	The services in scope of PSR 2023 are set out in Schedule 1 of those regulations and describe services delivered to patients and service users, contracted by local authorities and NHS Trusts. Examples include some Public Health services which are aimed at providing healthcare interventions for individuals.	Purchases of any value
E: Concessions Procurement Act 2023	<p>A contract for the supply, for pecuniary interest, of works or services to a contracting authority where—</p> <p>(a) at least part of the consideration for that supply is a right for the supplier to exploit the works or services, and</p> <p>(b) under the contract the supplier is exposed to a real operating risk.</p> <p>NB. For the purposes of this section of the Orders, Concession contracts also include Light Touch Services Concession Contracts.</p>	£5,193,000

Appendix 4: Links to Supporting Materials

Table to be added

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Feedback from Audit and Governance Committee 29th October on the draft Procurement and Contract Procedure Rules

Discussions of the potential to introduce scrutiny provisions in advance of contracts being awarded. For example, members can reserve projects for portfolio holder briefings and those that must come back to Executive for contract award, but there isn't currently any provision for referral to Scrutiny or other Committees.

There were discussions over whether the £5m threshold for projects to return to Executive under certain conditions prior to the awarding of a contract set out in column 5 in the tables in appendix 2 of the rules should instead be a lower value, for e.g. £2.5m. In the alternative, should committees be notified prior to award, with a mechanism for contracts to be called in on the basis of that?

On environmentally sustainable procurement, sections 7.6-7.8 there was a request to include reference to Carbon monitoring and reporting. Scopes 1, 2 and 3 were mentioned, though I did outline that scopes 1 and 2 are defiantly outside the remit of procurement activity, but scope 3 could be a consideration here, noting also that any such technical data collection and reporting requirement would require funding to enable it to happen.

There is a typo in the PCPRs which was highlighted to A&G as follows: section 5.14 where the phrase immediately following the words "*The total, revised value of the contract*" should in fact read - *including any proposed extension, variation or modification*.

Feedback from the Constitution Working Group meeting of 29 October 2026.

The Constitution working group were supportive of A&G Committee's view that the contract value for which an overspend triggers a return to Executive for approval of contract award to be lowered from £5m to £2.5m. They voted by majority vote to recommend the Procedure Rules, with this amendment to the Standards Committee. This requirement is in the Appendix 2 (governance Tables) in the PCPRs, and would apply to tables 2-5 that have this requirement, so the recommendation to the Standards Committee will be that the Rules are approved and recommended to the Shadow Authority, subject to this amendment.

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APPENDEX X: Governance Tables for Procurement and Contract Procedure Rules

TABLE X: Approval to Procure (when purchasing any type of goods, service, works through any procurement route etc)

*Threshold	1	2	3	4	5
	£0-£4,999 EX VAT	£5,000- £24,999 EX VAT	£25,000- £99,999 EX VAT	£100,000 EX VAT – £207,719 (inc VAT)	Above £207,720 (inc VAT)
Approval to Procure	Budget Holder	Budget Holder and Finance Business Partner and Head of Procurement (or as delegated)			Executive Approval, by way of: Procurement Forward Plan Or As per section 5.9-5.13

Notes:

- Refer to Annex X for link to current UK Regulatory Thresholds. For the Purposes of Approval to Procure, the regulatory threshold for goods and services applies regardless of what is being procured. As of January 2026, this threshold is £207,720 (inc VAT) but is typically revised every two years. The prevailing regulatory threshold at the time of undertaking a procurement applies.
- When seeking approval to extend or modify a contract, the value to be used is the total, revised value of the contract, including any proposed extension or variation.

TABLE 1: Goods and Services and Works (see definitions in Appendix 3)

*Threshold	1	2	3	4	5
	£0-£4,999 EX VAT	£5,000- £24,999 EX VAT	£25,000- £99,999 EX VAT	£100,000 EX VAT – £207,719 (inc VAT)	Above £207,720 (inc VAT)
Procurement Process	Use available Frameworks or Dynamic Purchasing System's where they offer best value; or One written quote or commercial negotiation with supplier.	Use available Frameworks or Dynamic Purchasing System's (DPS) where they offer best value; or Seek a minimum of 3 quotes.		Use available Frameworks or Dynamic Purchasing System's (DPS) where they offer best value; or Seek a minimum of 3 quotes or formal tender.	Procurement in compliance with Procurement Act 2023. This may be through a new procurement process or via existing compliant Frameworks, DPS's or Dynamic Markets.
Procurement Lead	Service		Services Led with oversight from Procurement (see section 10.6)	Procurement	

*Threshold	1	2	3	4	5
	£0-£4,999 EX VAT	£5,000- £24,999 EX VAT	£25,000- £99,999 EX VAT	£100,000 EX VAT – £207,719 (inc VAT)	Above £207,720 (inc VAT)
			Procurement must approve before proceeding with the procurement		
Type of Contract (Goods & Services)	Council's Standard Terms & Conditions (see the Council's website) or the established Framework or DPS Terms				Council's Standard Terms & Conditions, bespoke Contract terms agreed by Legal Services or established Framework, DPS or Dynamic Market Terms.
Type of Contract (Works)	Industry standard form of contract with Council amendments		Industry standard form of contract with Council amendments, bespoke Contract terms agreed by Legal Services or established Framework Terms, DPS Terms, or JCT / NEC Model Forms.		Industry standard form of contract with Council amendments, bespoke Contract terms agreed by Legal Services or established Framework Terms, DPS Terms, Dynamic Market Terms or JCT / NEC Model Forms.
Who must approve Contract Award prior to commencement	Budget Holder		Head of Service / Delegated Manager		<p>If within +5% of budget: Exec Director Approval (or delegated).</p> <p>If not within budget and: a) less than £1m -Exec Director and S151 Officer</p> <p>b) £1m - £5M: Exec Director, Portfolio Holder and S151 Officer.</p> <p>c) over £5M: Executive.</p>
Who Authorises (signs) Contract	Not required (Purchase Order)		Head of Service / Delegated Manager		Under £500k, Head of Procurement and Head of Service. Over £500k: to be executed by authorised signatory in

*Threshold	1	2	3	4	5
	£0-£4,999 EX VAT	£5,000- £24,999 EX VAT	£25,000- £99,999 EX VAT	£100,000 EX VAT – £207,719 (inc VAT)	Above £207,720 (inc VAT)
					legal services under seal as determined by Legal Services.

Notes

*Where the Contract Value cannot be determined with reasonable certainty, the procurement shall be treated as above the relevant Regulatory Threshold. Further guidance is set out in the How to Buy Guide. When seeking approval to extend or modify a contract, the value to be used is the total, revised value of the contract, including any proposed extension or variation.

**References to regulatory thresholds in these Rules mean the applicable procurement thresholds prescribed by legislation and are inclusive of VAT. Refer to [Annex X](#) for link to current UK Regulatory Thresholds. Regulatory thresholds are always quoted inclusive of VAT.

TABLE X: Light Touch

*Threshold	1	2	3	4	5
	£0-£4,999 EX VAT	£5,000- £24,999 EX VAT	£25,000- £99,999 EX VAT	£100,000 EX VAT – UK Regulatory Procurement Threshold for LT	Above UK Regulatory Procurement Threshold for LT
Procurement Process	Use available Frameworks or Dynamic Purchasing System's where they offer best value; or One written quote or commercial negotiation with supplier.	Use available Frameworks or Dynamic Purchasing System's (DPS) where they offer best value; or Seek a minimum of 3 quotes.		Use available Frameworks or Dynamic Purchasing System's (DPS) where they offer best value; or Seek a minimum of 3 quotes or formal tender.	Procurement in compliance with Procurement Act 2023. This may be through a new procurement process or via existing compliant Frameworks, DPS's or Dynamic Markets.
Procurement Lead	Service		Services Led with oversight from Procurement (see section 10.6) Procurement must approve before proceeding with the procurement	Procurement	
Type of Contract	Council's Standard Terms & Conditions (see the Council's website) or the established Framework or DPS Terms			Council's Standard Terms & Conditions, bespoke Contract terms agreed by Legal Services or established Framework, DPS or Dynamic Market Terms.	
Who must approve Contract Award prior to commencement	Budget Holder		Head of Service / Delegated Manager	Within +5% of budget: Exec Director Approval (or delegated) & Head of Procurement (or delegated). If not within budget: Exec Director and S151 Officer	If within +5% of budget: Exec Director Approval (or delegated). If not within budget and: a) less than £1m -Exec Director and S151 Officer b) £1m - £5M: Exec Director, Portfolio Holder and S151 Officer. c) over £5M: Executive.

*Threshold	1	2	3	4	5
	£0-£4,999 EX VAT	£5,000- £24,999 EX VAT	£25,000- £99,999 EX VAT	£100,000 EX VAT – UK Regulatory Procurement Threshold for LT	Above UK Regulatory Procurement Threshold for LT
Who Authorises (signs) Contract	Not required (Purchase Order)		Head of Service / Delegated Manager	Under 500k, Head of Procurement and Head of Service (or delegated manager). Over £500k: to be executed by authorised signatory in legal services under seal as determined by Legal Services.	

- Refer to Appendix X for UK Regulatory Thresholds
- When seeking approval to extend or modify a contract, the value to be used is the total, revised value of the contract, including any proposed extension or variation.

TABLE 2: Provider Selection Regime

*Threshold	1	2
	£0 EX VAT – £207,719 (inc VAT)	Above £207,720 (inc VAT)
Procurement Process	One of the following PSR procedures: <ul style="list-style-type: none"> • Direct Award A • Direct Award B • Direct Award C • Most Suitable Provider • Competitive Process 	
Procurement Lead	Procurement	
Type of Contract	Council's Standard Terms & Conditions or bespoke Contract terms agreed by Legal Services	
Who must approve Contract Award prior to commencement	Procurement & Head of Service	If within +5% of budget: Exec Director Approval (or delegated). If not within budget and: a) less than £1m -Exec Director and S151 Officer b) £1m - £5M: Exec Director, Portfolio Holder and S151 Officer. c) over £5M: Executive .
Who Authorises (signs) Contract	Head of Service or Delegated Manager	Under 500k, Head of Procurement and Head of Service. Over £500k: to be executed by authorised signatory in legal services under seal as determined by Legal Services.

TABLE 3: Concessions

*Threshold	1	2
	£0 EX VAT – £207,719 (inc VAT)	Above £207,720 (inc VAT)
Procurement Process	Seek a Minimum of 3 quotes	Procurement in compliance with Procurement Act 2023.
Procurement Lead	Procurement	
Type of Contract	Bespoke Contract terms agreed by Legal Services.	
Who must approve Contract Award prior to commencement	<p>Procurement & Head of Service - £207k</p> <p>If within +5% of budget: Exec Director Approval (or delegated) & Head of Procurement (or delegated).</p> <p>If not within budget and:</p> <p>a) £207k - than £1m -Exec Director and S151 Officer</p> <p>b) £1m - £5M: Exec Director, Portfolio Holder and S151 Officer.</p> <p>c) over £5M: Executive</p>	<p>If within +5% of budget: Exec Director Approval (or delegated) & Head of Procurement (or delegated).</p> <p>If not within budget and:</p> <p>a) less than £1m -Exec Director and S151 Officer</p> <p>b) £1m - £5M: Exec Director, Portfolio Holder and S151 Officer.</p> <p>c) over £5M: Executive.</p>
Who Authorises (signs) Contract	Head of Service or Delegated Manager	Under £500k, Head of Procurement and Head of Service. Over £500k: to be executed by authorised signatory in legal services under seal as determined by Legal Services.

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West Surrey Shadow Authority		
Report title: Proposed Changes to Council Procedure Rules		
Report to: Standards Committee		
Date: 2 November 2026		
Executive Portfolio Holder: Cllr. Victoria Kiehl Contact Email: Victoria.Kiehl@westsurrey.gov.uk		
Report of Statutory Officer: Susan Sale, Interim Monitoring Officer Contact Email: Susan.Sale@westsurrey.gov.uk		
Report author(s): Deborah Davies, Deputy Monitoring Officer (Interim) Contact Email: Deborah.davies@westsurrey.gov.uk		
Wards affected: All Ward councillors informed: Yes		
Exempt from publication: No		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	N/A	N/A
Equalities Impact Assessment complete	N/A	N/A
Senior Responsible Officer (or their delegate)	N/A	N/A
S151 Officer	Susan Sale on behalf of Vicky Radford	23 October 2026
Monitoring Officer	Susan Sale	23 October 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl	23 October 2026
Committee Chair consultation	Cllr Joanne Shaw	23 October 2026
Head of Paid Service	Susan Sale on behalf of Andy Brown	23 October 2026

1. Executive Summary

- 1.1** This report sets out the suggested Council Procedure Rules, as agreed by the Constitution Sub-Committees and Constitution Working Group

2 Recommendations:

- 2.1** That the Standards Committee resolves:-
- (a) to agree the proposed Council Procedure Rules and recommend them to the Shadow Authority for approval and inclusion in the Constitution for West Surrey Council effective from Vesting Day.
 - (b) To delegate authority to the Monitoring Officer to make minor and administrative amendments.

3 Reason(s) for recommendation:

- 3.1** Council Procedure Rules ensure that the Council has adequate arrangements in place to deal with the conduct of business at council and committee meetings, in an effective and efficient manner that meets statutory requirements.
- 3.2** The Council Procedure Rules have a number of parts to them, and inter-relate to other areas of the Constitution. This brings together all parts of the Rules, which have been considered by the Sub-Committee and Working Group.

4 Next steps

- 4.1** The Council Procedure Rules, if agreed, will form part of the draft Constitution which will come before the Standards Committee at its December meeting, for recommendation to the Shadow Authority.

5 Exemption from publication

- 5.1** This report is not exempt from publication.

6 Background and Proposal

- 6.1** The Council Procedure Rules (CPRs) ensure that the following are covered:-

- (a) How to get an item considered by the meeting
- (b) How to participate effectively in debate
- (c) How decisions are made
- (d) How to follow the correct procedures

6.2 In considering changes to the Council Procedure Rules, we have had regard to Councils where governance arrangements including Council Procedure Rules were substantially reviewed after external reviews on governance. We have also considered the CPRs of upper tier councils with membership between 85-95 members.

6.3 Changes proposed by members of the Working Group included:-

24.4 to ensure that Motions and questions would need to be submitted again to the next meeting of the Council.

18. Members considered that only one member should need to call for a recorded vote for committee meetings

4 There was general support for retaining the ability for a Member to submit up to three questions, rather than limiting each Member to a single question. To ensure fairness each Member's first question would be taken before second questions; second questions would similarly be taken before third questions; and Members submitting multiple questions should indicate their order of priority. This has been reflected in Rule 5. No decision was taken by members on the overall allocation of time for questions as they wanted to consider this with other proposed changes, set out below. This matter is therefore **outstanding**.

6.4 There was broad support for a principle of enabling Members to highlight matters of local relevance without initiating a wider debate. Members felt that statements should relate to a local or ward matter; each statement should be limited to two minutes; there should be no right of reply; advance notice should be required; consideration should be given to a maximum of five statements per meeting, providing an overall allocation of up to ten minutes.

Members considered that an appropriate and transparent mechanism would be required if the number of requests exceeded the available places. This could be e.g. by random ballot by Democratic Services Officers.

Members agreed to reconsider this area once they had received all parts of the Council Procedure Rules and considered timings as a whole. This matter is therefore **outstanding**.

6.4 There was support for considering a defined and time-limited arrangement for Leader and group leader contributions, potentially within an overall allocation of approximately ten minutes. However no final decision was made and this matter is therefore **outstanding**.

6.5 Members requested that 10% of councillors were required to requisition an extraordinary meeting and Rule 2.5.2 has been amended to reflect this.

7 Consultation

7.1 The portfolio holder has been consulted, and her comments were taken into account by the Sub-Committee/Working Group.

8 Key Risks

8.1 There is a risk that the Council Procedure Rules will need to be revisited, or that they overlap/conflict with other parts of the Constitution. This risk will be managed through the work programme.

9 Options

9.1 To agree the Council Procedure Rules, to enable these to be put into the draft Constitution (recommended).

9.2 Not to agree the Council Procedure Rules and ask the Working Group to reconsider a revised set (not recommended).

10 Issues for consideration

10.1 Financial Implications

10.1.1 There are no financial implications to this report.

10.2 Section 151 Officer Commentary

10.2.1 There are no additional comments

10.3 Legal Implications

10.3.1 The Council Procedure Rules will need to meet the requirements for Standing Orders, as provided for by the Local Government Act 1972, Local Government and Housing Act 1989, and Local Government Act 2000.

10.3.2 The Local Government Act 2000 requires all Councils to have a Constitution which is kept up to date, and to make it available to the public.

10.4 Monitoring Officer Commentary

10.4.1 The Council Procedure Rules are the foundation of ensuring that meetings are properly constituted and that decision making is lawful. They therefore form an important part of the Constitution.

10.5 People/Human Resources Implications

10.5.1 There are no HR implications.

10.6 Equality and Diversity Implications

10.6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

10.6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

10.6.3 This duty has been considered in the context of this report, and it has been concluded that there are no equality and diversity implications arising directly from this report and the Council Procedure Rules.

10.7 Climate Change and Sustainability Implications

10.7.1 There are no implications arising from this report.

10.8 Stakeholders Implications

10.8.1 The Council Procedure Rules are a matter for members themselves to agree, whilst bearing in mind that they have an impact on the wider community and democratic accountability.

11 Overview & Scrutiny Comments

11.1 N/A

12 List of Appendices

12.1 Draft Council Procedure Rules

13 List of Background papers

13.1 None

COUNCIL PROCEDURE RULES

1. Purpose and application

1.1 These Council Procedure Rules regulate the conduct of meetings of the Council and, where specified, its committees and sub-committees.

1.2 The Rules should be read with the remainder of the Constitution, in particular the Access to Information Procedure Rules, Budget and Policy Framework Procedure Rules, Executive Procedure Rules, Overview and Scrutiny Procedure Rules and the Members' Code of Conduct.

1.3 These Rules are subject to any statutory requirement. Where there is any conflict between these Rules and legislation, the legislation shall prevail.

1.4 The Chair of the meeting shall interpret and apply these Rules at the meeting, having regard to any advice given by the Monitoring Officer or their representative. The Chair's ruling at the meeting shall be final.

1.5 References in these Rules to the "Chair" include the person presiding at the meeting.

1.6 A reference to a "clear working day" excludes the day on which notice is given and the day of the meeting and excludes Saturdays, Sundays and bank holidays.

PART A – BEFORE THE MEETING

2. Meetings of the Council

2.1 Annual Meeting

In a year in which there is an ordinary election of councillors, the Annual Meeting will take place within 21 days of the retirement of the outgoing councillors.

In any other year the Annual Meeting will take place in March, April or May on a date determined by the Council.

2.2 Business at the Annual Meeting

The Annual Meeting shall:

(a) elect the Chair of the Council;

- (b) appoint the Vice-Chair;
- (c) approve the minutes of the last meeting where appropriate;
- (d) receive any declarations of interest;
- (d) receive any announcements from the Chair and/or Chief Executive;
- (e) elect the Leader where required;
- (f) receive notification from the Leader of the appointment of the Deputy Leader and Cabinet;
- (g) establish those committees as are required by statute and such others it considers appropriate to establish;
- (i) determine the allocation of seats and appointments to committees in accordance with the political balance requirements;
- (j) appoint chairs and vice-chairs of those committees where the Constitution provides for Council to make those appointments;
- (k) appoint representatives to outside bodies where responsibility rests with Council; and
- (l) consider any other business specified in the summons.

2.3 Ordinary Meetings

Ordinary meetings of the Council will take place in accordance with the calendar of meetings approved by the Council.

2.4 Agenda and Order of Business

2.4.1 The normal order of business at an ordinary meeting of Council shall be:

- (a) election of a person to preside, if necessary;
- (b) apologies for absence;
- (c) approval of minutes;
- (d) declarations of interests;
- (e) announcements by the Chair;
- (f) announcements by the Chief Executive;

- (g) receive any announcements from the Leader of the Council (or an Executive member nominated by the Leader) for a maximum time of three minutes;
- (g) public questions or participation for up to 30 minutes;
- (h) petitions where the Constitution provides for them to be considered;
- (i) questions from members for up to 30 minutes;
- (j) reports and recommendations requiring a decision by Council;
- (k) reports from committees and other bodies;
- (l) motions on notice;
- (m) appointments and other constitutional business; and
- (n) other business included on the agenda.

2.4.2 The Chair may, with the consent of the meeting, vary the order of business where this will facilitate the effective conduct of the meeting.

2.4.3 Items whose order is prescribed by statute shall be dealt with in the required order.

2.5 Extraordinary Meetings

2.5.1 An extraordinary meeting of full Council may be convened at other times:

- (a) by the Chair; or
- (b) by the Monitoring Officer or Chief Finance Officer to consider a report in the discharge of their statutory duties; or
- (c) by five Councillors only as set out below.

2.5.2 Councillors may present a requisition to the Chair to hold an extraordinary meeting. A requisition must:

- (a) be in writing;
- (b) signed by at least 10% of Councillors and identifying a Councillor to whom the Chair should respond (the “lead Councillor”); and
- (c) state the purpose of the meeting including a motion which must be made in accordance with these rules.
- (d) requisitions may also be submitted in electronic format but must include signatures

2.5.3 If the Chair either refuses to call an extraordinary meeting or fails to call a meeting within seven days of the presentation of the requisition, the ten Councillors may call an extraordinary meeting. No other business may be transacted at an extraordinary meeting except with the agreement of the Chair.

2.5.4 The Chair may hold an extraordinary Council meeting on the same day as an ordinary Council meeting.

2.5.5 The Monitoring Officer may cancel an extraordinary meeting at any time if requested to do so in writing by the lead Councillor.

3. Notice and Summons

3.1 The Proper Officer will give notice of meetings and send a summons and agenda to every member in accordance with statutory requirements.

3.2 Unless legislation provides otherwise, the agenda and reports will normally be published at least five clear days before the meeting.

3.3 A summons, electronically signed by the Proper Officer, will be sent electronically to a member's official email account.

3.4 The summons will specify:

- (a) the date, time and place of the meeting;
- (b) the business to be considered;
- (c) whether reports or appendices contain exempt or confidential information; and
- (d) any other information required by law or the Constitution.

3.5 An item of business which has not been included on the agenda may only be considered where this is permitted by law.

4. Questions by Members

4.1 Questions on Notice

A member may ask a question of:

- (a) the Chair of the Council;
- (b) the Leader;

(c) an Executive Member; or

(d) the chair of a committee,

about a matter for which the Council has responsibility or which affects the Council's area.

Subject to the provisions of this Rule, a member of the Council may submit up to three questions for answer at an ordinary meeting of the Council.

If a Member who has submitted a question is unable to be present, the question will be answered in writing.

4.2 Notice

Notice of the question must be given to the Monitoring Officer by email by 12 noon, five clear working days before the meeting. The question must give the name of the Member asking the question and should name the Member to whom the question is to be put. If not so named, it shall be allocated to the most appropriate Member by the Monitoring Officer. If the question relates to an Executive matter, it shall be allocated to the Leader who may promptly re-allocate to any other Executive Member.

Questions will be taken in the order in which they were received by the Proper Officer, except that the Mayor may group similar questions together.

4.3 Urgency

Where a question relates to a matter of urgency, a member must have the agreement of the Chair of the Council and the member to whom the question is to be put that they are prepared to accept the question as a matter of urgency. The content of the question must be given in writing to the Monitoring Officer by midday on the day of the meeting. A matter of urgency will be an item that not could appear on the agenda and cannot reasonably be deferred until the next meeting of the Council.

4.4 Relevance and admissibility

The Monitoring Officer, following consultation with the Chair where appropriate, may reject a question which:

(a) does not relate to a matter for which the Council has responsibility or which affects the Council's area;

(b) is substantially the same as a question considered within the previous six months;

- (c) is defamatory, discriminatory, offensive or otherwise unlawful;
- (d) relates to an individual staffing, disciplinary or confidential matter;
- (e) would disclose exempt or confidential information;
- (f) relates to an individual regulatory decision where consideration would prejudice that process; or
- (g) would otherwise be inappropriate for consideration at a public Council meeting.

The member shall be informed of the reason for rejection.

The length of any such question is limited to a maximum of 150 words.

Questions in writing will not be read out at Council meetings and the answers will be taken as read.

4.5 Response

A written response will be provided to all Member Questions, other than those raised under CPR xxx. The question and answer will be included in the supplementary agenda pack and published by 5pm the working day prior to the day of the meeting. The question and any written response, as published in the supplementary agenda pack, will be taken as read at the meeting and there shall be no discussion upon it.

All questions from Members, whether raised under CPRxx, and the responses shall be summarised in the minutes of the meeting.

5.5 Supplementary question

The member asking the original question may ask one supplementary question arising directly from the answer.

A supplementary question must be concise and must not introduce a substantially new matter.

The Chair may reject or stop a supplementary question which does not comply with this Rule.

5.4 Answer

An answer may be:

- (a) given orally, up to a maximum of three minutes;
- (b) given in writing;

- (c) contained in another published document; or
- (d) referred to another body where that is the appropriate means of providing a response.

5.5 Order of Questions

Supplementary questions shall be taken in the following order:-

- (a) On the first question submitted by each Member;
- (b) On the second question submitted by each Member and
- (c) On the third question submitted by each Member

No member's second supplementary question shall be taken until all Members who have a first supplementary question have had the opportunity to ask their supplementary question (if any).

No member's third supplementary question shall be taken until all Members who have a first supplementary question have had the opportunity to ask their supplementary question (if any).

5.6 Time Limits

The overall time for members questions shall be limited to 30 minutes/45 minutes.

6. Motions on Notice

6.1 Notice

Except for motions which may be moved without notice under Rule xx, notice of every motion must be sent by email to the Monitoring Officer by 12 noon, seven clear working days before the meeting.

The notice must:

- (a) state the motion in full;
- (b) identify the member proposing it; and
- (c) identify a seconder.

6.2 Scope

A motion must relate to:

- (a) a matter for which the Council has responsibility; or

(b) a matter which directly affects the Council's area or its residents.

6.3 Admissibility

The Monitoring Officer may, after consultation with the Chair, decline to place a motion on the agenda where it:

(a) would be unlawful;

(b) is defamatory, discriminatory or otherwise improper;

(c) relates to an individual staffing, disciplinary, complaints or regulatory matter;

(d) would disclose confidential or exempt information;

(e) is substantially the same as a motion considered within the previous six months unless Rule xx applies; or

(f) is not appropriate business for Council.

The member shall be informed of the reason.

6.4 Withdrawal

A member may withdraw their motion at any time before it is moved at the meeting.

After it has been moved at the meeting, it may only be withdrawn with the consent of the seconder and the meeting.

6.5 Referral of a motion

Council may refer a motion to the Executive, a committee or another appropriate body for consideration.

Where the motion relates to an executive function, Council may express a view or make a recommendation to the Executive but cannot itself exercise the executive function unless the law permits.

7. Amendments submitted in advance

7.1 Members are encouraged to submit substantive amendments to published recommendations or motions to the Monitoring Officer before the meeting. All such amendments will be kept confidential.

7.2 An advance amendment should identify:

- (a) the words to be deleted;
- (b) the words to be inserted; and
- (c) the resulting amended proposition.

7.3 Advance submission does not prevent an amendment being moved at the meeting in accordance with these Rules.

7.4 The Monitoring Officer may advise that an amendment is not admissible where it is unlawful, outside the Council's functions, inconsistent with the Budget and Policy Framework Procedure Rules or is not a genuine amendment to the original proposition.

PART B – AT THE MEETING

8. Quorum

8.1 The quorum for Council shall be one quarter of the whole number of members rounded up.

8.2 The quorum for a committee or sub-committee shall be one quarter of its membership rounded up, subject to a minimum of three members unless legislation requires otherwise.

8.3 If there is no quorum at the time the meeting is due to commence, the Chair may allow a reasonable period, being no more than 15 minutes, for a quorum to be achieved.

8.4 If during a meeting the number of members present falls below the quorum, the meeting shall be adjourned.

8.5 Remaining business shall be considered at a time and date determined by the Chair or, if no date is determined, at the next ordinary meeting.

9. Chairing the Meeting

9.1 The Chair shall:

- (a) uphold these Rules;
- (b) facilitate fair and orderly debate;
- (c) ensure that members have an appropriate opportunity to participate;
- (d) maintain order;

(e) decide questions of procedure, having regard to advice from the Monitoring Officer; and

(f) ensure that the meeting reaches clear decisions.

9.2 The Chair's ruling on the conduct of the meeting shall be final.

9.3 When the Chair intervenes to give a ruling or to restore order, the member speaking must stop.

10. Interests

10.1 Members must declare interests and act in accordance with:

(a) the Localism Act 2011;

(b) the Council's Code of Conduct; and

(c) any dispensations granted.

10.2 The Chair may invite members to declare interests at the beginning of the meeting but the responsibility for making an appropriate declaration remains with the individual member.

10.3 Where an interest becomes apparent during consideration of an item, the member must declare it at that point.

12. Speaking

12.1 A member wishing to speak shall indicate to the Chair.

12.2 Members must address the meeting through the Chair.

12.3 A member must speak to the matter under consideration.

12.4 Members must not:

(a) make personal or abusive comments;

(b) impute improper motives to another member or officer without proper basis;

(c) use discriminatory or offensive language;

(d) disclose confidential or exempt information; or

(e) disregard a ruling of the Chair.

12.5 Unless the Council agrees otherwise:

- mover of a motion or recommendation: **5 minutes**;
- mover of an amendment: **3 minutes**;
- other speakers: **3 minutes**;
- right of reply: **3 minutes**.

13. Motions which may be moved without notice

The following procedural motions may be moved without notice:

- (a) to appoint a Chair for the meeting;
- (b) relating to the accuracy of the minutes;
- (c) to change the order of business;
- (d) to refer a matter to an appropriate body;
- (e) to appoint a committee or member arising from an item on the agenda;
- (f) to receive or note a report;
- (g) to withdraw a motion;
- (h) to amend a motion;
- (i) to proceed to the next business;
- (j) that the question be now put;
- (k) to adjourn the debate;
- (l) to adjourn the meeting;
- (m) to extend the meeting;
- (n) to suspend a Procedure Rule which may lawfully be suspended;
- (o) to exclude the public and press in accordance with the law;
- (p) not to hear further a member named under Rule xx;
- (q) to require a member of the public to leave the meeting under Rule xx; and
- (r) to request or require a recorded vote where permitted by these Rules.
- (s) To carry out an urgent statutory duty of the Council

14. Motions and Amendments

14.1 A motion or amendment must be proposed and seconded before it is debated.

14.2 The Chair may require a motion or amendment to be submitted in writing.

14.3 Amendments

An amendment must be relevant to the motion and may:

- (a) delete words;
- (b) delete words and insert or add others; or
- (c) insert or add words,

provided that the effect is not simply to negate the motion.

14.4 An amendment must not introduce a substantially new proposition unrelated to the motion.

14.5 Only one amendment shall normally be considered at a time.

14.6 If an amendment is carried, the amended motion becomes the substantive motion.

14.7 Further amendments may then be moved.

14.8 Acceptance of an amendment

With the consent of the seconder and the meeting, the mover may accept an amendment. The amended wording shall then become the substantive motion without a separate vote on the amendment.

15. Rules of Debate

The normal order of debate shall be:

- (a) mover presents the motion or recommendation;
- (b) seconder may speak immediately or reserve their speech;
- (c) amendments may be moved and seconded;
- (d) members debate the proposition;

- (e) the mover of an amendment may reply briefly before the vote on the amendment;
- (f) after all amendments have been disposed of, the mover of the original motion has a right of reply; and
- (g) the substantive motion is put to the vote.

A member who has spoken on a motion may not speak again except:

- (a) on an amendment;
- (b) on a point of order;
- (c) on a point of personal explanation; or
- (d) in exercise of a right of reply.

16. Closure Motions

Any member may move:

- (a) “that the question be now put”;
- (b) “that the meeting proceed to the next business”;
- (c) “that the debate be adjourned”; or
- (d) “that the meeting be adjourned”.

The Chair shall only accept the motion if satisfied that sufficient debate has taken place or that the procedural motion is otherwise appropriate.

If the procedural motion is carried, they will give the mover of the original motion a right of reply and then move to the vote on the substantive motion.

17. Points of Order and Personal Explanation

Point of order

17.1 A member may raise a point of order at any time.

17.2 The member must identify the provision of the meeting procedure or law which they consider has been breached, and how they consider it has been broken.

17.3 The Chair’s ruling is final.

Personal explanation

17.4 A member may make a point of personal explanation where something said during the meeting appears materially to misunderstand or misrepresent something they have said.

17.5 The explanation must be confined to correcting the misunderstanding.

PART C – TAKING DECISIONS

18. Voting

18.1 Unless legislation or the Constitution requires otherwise, a matter shall be decided by a simple majority of those members present and voting.

18.2 Voting will normally be by show of hands or by an electronic voting system.

18.3 The Chair shall announce the result.

18.4 Where votes are equal, the Chair may exercise any casting vote available to them by law.

Recorded votes

18.5 A recorded vote shall be taken where required by law.

18.6 In any other case, a recorded vote shall be taken if **10 members** present at the Council meeting request one before the vote is taken. At Committee and Sub-Committee meetings, any **one member** present at the meeting may request a recorded vote before the vote is taken.

18.7 The minutes shall record how each member voting in a recorded vote voted and any abstention.

18.8 Immediately after a vote, a member may require that the minutes record whether they voted for or against the proposition or abstained.

19. Previous Decisions and Motions

19.1 A motion or amendment to rescind a decision made by Council within the previous six months may not be considered unless:

(a) it is moved on the recommendation of the Executive or relevant committee; or

(b) notice is signed by at least **10 members**.

19.2 A motion substantially the same as one rejected within the previous six months may not be considered unless the same requirement is satisfied.

19.3 This Rule does not prevent reconsideration where:

(a) there has been a material change of circumstances;

(b) new legal or professional advice materially affects the decision;

(c) reconsideration is required by law; or

(d) the Monitoring Officer considers that reconsideration is necessary to address an issue of legality or maladministration.

20. Budget Decisions

20.1 Decisions relating to the Council's budget and policy framework shall also comply with the Budget and Policy Framework Procedure Rules.

20.2 Any recorded vote required by legislation relating to the Council's budget or council tax shall be taken and recorded accordingly.

20.3 An amendment which would have material financial implications may be ruled inadmissible for immediate determination where the Chief Finance Officer advises that there is insufficient information to assess its consequences.

20.4 In those circumstances, Council may adjourn consideration or refer the matter for further advice.

PART D – ORDER AND CONDUCT

21. Member Conduct

21.1 If a member persistently disregards the ruling of the Chair, behaves improperly or obstructs the business of the meeting, the Chair may:

(a) warn the member;

(b) direct the member to stop speaking;

(c) propose that the member is not heard further on the item; or

(d) in cases of serious or continuing disorder, propose that the member leave the meeting for a specified period.

21.2 Any motion under (c) or (d) shall be put to the vote without debate.

21.3 Nothing in this Rule affects the operation of the Members' Code of Conduct.

22. Disturbance by the Public

22.1 If a member of the public interrupts' proceedings, the Chair may warn the person concerned.

22.2 If the interruption continues, the Chair may require that person to leave the meeting.

22.3 In the event of general disturbance, the Chair may:

- (a) clear the public gallery or the part affected;
- (b) adjourn the meeting for such period as the Chair considers appropriate.

23. Adjournment

The Chair may adjourn a meeting:

- (a) following a resolution of the meeting;
- (b) to restore order;
- (c) to obtain legal, financial or procedural advice;
- (d) where there is a health, safety or security concern; or
- (e) where otherwise necessary for the effective conduct of the meeting.

24. Duration of Meetings

24.1 An ordinary meeting of Council shall normally end **three hours after its commencement**.

24.2 At that time, the matter currently under consideration shall be completed and the meeting shall then end unless Council resolves to extend the meeting.

24.3 An extension may be for a specified period or until specified business has been completed.

24.4. Any remaining business, other than motions and questions that would need to be submitted again for the next meeting, shall be deferred to a date determined by the Chair in consultation with the Proper Officer.

PART 3 – AFTER THE MEETING

25. Minutes

25.1 Minutes shall record:

- (a) members present;
- (b) apologies where appropriate;
- (c) declarations of interests;
- (d) decisions taken;
- (e) the outcome of votes;
- (f) recorded votes and individual voting records where required;
- (g) any member's request that their vote be recorded; and
- (h) such other matters as are required by law or necessary to provide an adequate formal record.

25.2 Minutes are not intended to be a verbatim record of debate.

25.3 The Chair shall put the question that the minutes of the previous meeting are a correct record.

25.4 Debate on the minutes shall be limited to their accuracy.

25.5 Once approved, the Chair shall sign or otherwise authenticate them.

PART F – GENERAL PROVISIONS

26. Suspension of the Rules

26.1 Council may suspend any of these Rules to the extent permitted by law.

26.2 A motion to suspend a Rule must identify the Rule concerned and the purpose and duration of the suspension.

26.3 A statutory requirement cannot be suspended.

26.4 The following shall not be suspended where their effect derives from legislation:

- requirements concerning notice and access to meetings;
- statutory quorum requirements;
- statutory voting requirements;
- statutory rights relating to minutes; and
- any other requirement imposed by legislation.

27. Amendment of the Rules

These Rules may only be amended in accordance with the provisions of the Constitution governing constitutional change.

28. Application to Committees and Sub-Committees

28.1 Unless the Constitution or legislation provides otherwise, the following Rules also apply to committees and sub-committees:

- Notice and summons;
- quorum;
- interests;
- chairing meetings;
- speaking;
- motions and amendments arising from agenda business;
- rules of debate;
- points of order;
- voting;
- public and member questions
- member conduct;
- public disturbance;
- adjournment; and
- minutes.

28.2 The Rules relating specifically to:

- questions to the Leader and Executive;
- motions on notice to Council;
- the Annual Meeting;
- Council's duration; and
- reconsideration of Council decisions,

do not apply to committees unless expressly stated.

28.3 Regulatory committees may adopt supplementary procedure rules or protocols appropriate to their functions.

29. Advice of Statutory Officers

29.1 The Chair shall permit the Monitoring Officer or their representative to advise the meeting on any matter of law, governance or procedure where they consider it necessary.

29.2 The Chair shall permit the Chief Finance Officer or their representative to advise the meeting where a matter raises significant financial implications or the Council's statutory financial duties.

29.3 The Head of Paid Service or their representative may advise the meeting on matters concerning the proper administration of the Council.

30. Written and Electronic Communications

Where these Rules require a notice, motion, question, request or other communication to be "in writing", this includes email or an approved electronic system.

A requirement for a signature may be satisfied electronically where permitted by law.

31. Interpretation

31.1 In applying these Rules, the Chair shall seek to promote:

- (a) lawful decision-making;
- (b) fairness between members;
- (c) effective democratic debate;
- (d) transparency;
- (e) reasonable participation by members; and
- (f) the efficient conduct of Council business.

31.2 The Monitoring Officer may issue procedural guidance to assist members and officers in applying these Rules, provided that such guidance does not amend the Rules.

West Surrey Shadow Authority		
Report title: Finance Procedure Rules		
Report to: Audit and Governance Committee Constitution Working Group Standards Committee		
Date: Audit & Governance Committee - 29 October 2026 Constitution Working Group – 29 October 2026 Standards Committee – 2 November 2026		
Executive Portfolio Holder: Cllr Victoria Kiehl & Cllr Leslie Rice		
Report of: Vicky Radford, Interim Section 151 Officer		
Report author(s): Georgina Mistry, Head of Finance Business Partnering (Corporate), LGR Finance and Property Theme - Sub-workstream Lead for Financial Governance		
Wards affected: All Ward councillors informed: No		
Exempt from publication: No		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	Shella Smith	21 October 2026
Equalities Impact Assessment complete	N/A	N/A
Senior Responsible Officer (or their delegate)	Rachel Wigley	14 October 2026
S151 Officer	Vicky Radford	21 October 2026
Monitoring Officer	Susan Sale	21 October 2026

Executive Portfolio Holder consultation	Cllr Leslie Rice	16 October 2026
Committee Chair consultation	Cllr Matt Furniss	20 October 2026
Head of Paid Service	Andy Brown	21 October 2026

1. Executive Summary

- 1.1** This report presents the proposed final Financial Procedure Rules for West Surrey Council which shall form a section of the new Standing Orders and be contained within the Constitution from 1 April 2027.
- 1.2** Section 9P of the Local Government Act 2000 requires every local authority to prepare, maintain, and keep up to date a formal constitution. This document controls how the local council operates, makes decisions, and handles its governance. The sections relating to Finance set out how the Council governs the manner in which the financial activity is conducted and its financial interests are safeguarded.
- 1.3** It is therefore essential that the new unitary authority of West Surrey Council establish new Standing Orders to be effective from vesting day on 1 April 2027, and that the detail of the financial regulations is agreed in time to establish required process and controls ahead of vesting day.

2 Recommendations:

2.1 The Audit & Governance Committee is recommended to:

- 2.1.1** Consider the draft Financial Procedure Rules, attached at appendix 1 to this report, and provide any proposed amendments, comments and feedback to the Constitution Working Group and Standards Committee.

2.2 The Constitution Working Group is recommended to:

- 2.2.1** Consider the feedback from the Audit & Governance Committee, and support the adoption of the Financial Procedure Rules, attached at appendix 1 to this report, and recommend them to the Standards Committee for inclusion in the West Surrey Council Constitution, to be effective from 1 April 2027.

2.3 The Standards Committee is recommended to:

- 2.3.1** Endorse the proposed Financial Procedure Rules attached as appendix 1 to this report, as recommended by the Constitution Working Group, and recommend them to the West Surrey Shadow

**Authority for approval and inclusion into the West Surrey
Constitution, from Vesting Day.**

3 Reason(s) for recommendation:

- 3.1** It is a legal requirement for West Surrey Council to have an approved Constitution for Vesting Day. Officers are requesting endorsement and approval from Members, of the Finance Procedure Rules, and their adoption into the Constitution.

4 Next steps

- 4.1** The proposed Finance Procedure Rules are due to be considered at the following sessions:
- 4.1.1 Audit and Governance Committee – 29 October 2026
 - 4.1.2 West Surrey Constitution Working Group – 29 October 2026
 - 4.1.3 West Surrey Standards Committee – 2 November 2026
 - 4.1.4 West Surrey Shadow Authority – date to be confirmed
 - 4.1.5 The Audit and Governance Committee discussed the proposed rules at their meeting on 29 October 2026 and noted various amendments that had been made to the proposals in advance of the meeting.
 - 4.1.6 The amended rules were considered by the Constitution Working Group on 29 October 2026 who made no further amendments and agreed to recommend the amended rules to the Standards Committee.

5 Exemption from publication

- 5.1** None of this report is exempt from publication.

6 Background and Proposal

- 6.1** Local Government Reorganisation (LGR) and the formation of the new unitary authority of West Surrey Council requires the development of a new Constitution. That Constitution must contain key governance procedures in respect of finance.
- 6.2** An early draft of the Finance Procedure Rules were discussed at West Surrey Shadow Audit and Governance Committee and West Surrey Shadow Constitution Sub Committee in September 2026. This early draft

did not contain any financial thresholds, but feedback was given on its form and content.

6.3 Feedback from Members and senior Officers has been incorporated into the Finance Procedure Rules as follows:

- 6.3.1 A glossary of terms has been added;
 - 6.3.2 Resolution to review the Finance Procedure Rules half-yearly has been made explicit;
 - 6.3.3 Reference has been made to hosting arrangements and the requirement for hosted teams to abide by the Finance Procedure Rules of the authority for which they are completing work, not where they are based;
 - 6.3.4 Wording has been amended to ensure it is clear where rules apply to income as well as expenditure;
 - 6.3.5 Clarification has been provided as to professional valuations;
 - 6.3.6 The need to report disposal of assets to officers has been extended to include purchases and elected members;
 - 6.3.7 Clarification given on the carry-forward of unspent budgets;
 - 6.3.8 All non-compliance will now be reported to the Audit and Governance Committee; and
 - 6.3.9 Responsibilities of the Chief Finance Officer (Section 151 officer) have been extended to cover the reporting on the delivery of savings and transformational programmes.
- 6.4** Various financial thresholds have been proposed throughout the document. These have been based on existing thresholds in all current West Surrey authorities and, where information was available, have been benchmarked against organisations of similar sizes.

7 Consultation

- 7.1** The Finance Procedure Rules have been developed in collaboration with Officers from the Finance and Property LGR workstream, Shadow Authority Interim Chief Officers and related stakeholders, and based on feedback from Members.
- 7.2** The development of Procedure Rules is not considered something that should be subject to public consultation.
- 7.3** Consultation has also been undertaken with the relevant Executive Portfolio Holders and feedback will be reported in the meeting.

- 7.4** Formal consultation has been undertaken with the Audit & Governance Committee at their meeting on 29 October 2026 and their views and feedback incorporated into the agenda item when considered by the Constitution Working Group who must make a recommendation to the Standards Committee, and the Standards Committee, who must make a recommendation to the Shadow Authority.

8 Key Risks

- 8.1** The principal risk is that West Surrey Council does not have a comprehensive set of Finance Procedure Rules in time for Vesting Day, which would put it in contravention of Section 151 of the Local Government Act 1972.
- 8.2** This risk can be best mitigated by the engagement activity that has taken place to refine the proposed draft Rules and support for their progress through the democratic process, to ensure 'safe and legal' procedures are in place for Vesting Day, which will then be reviewed on a bi-annual basis.

9 Options

- 9.1** The Audit & Governance Committee is asked to endorse the Financial Procedure Rules, or provide any comments, proposed amendments or feedback, to the Constitution Working Group, who will make recommendations to the Standards Committee, who shall recommend their adoption to the Shadow Authority.

10 Issues for consideration

10.1 Financial Implications

- 10.1.1** There are no direct financial implications arising from the proposed action. However, the proposed document is important for maintaining compliance with financial regulations, and ensuring the new unitary authority has sufficient controls and governance to minimise the risk of financial loss. This will ensure that value for money is embedded as a core value of the new authority and maximise value for money.

10.2 Section 151 Officer Commentary

- 10.2.1** West Surrey will operate in a very challenging financial environment, with significant budgetary pressures and limited financial resources

from 2027/28 (Vesting Day), coupled with increasing demand and costs of services, and reducing government funding. West Surrey Council will be increasingly reliant on Council Tax as the primary source of income.

10.2.2 Decisions made by the sovereign councils in West Surrey and the West Surrey Shadow Authority will need to consider the ongoing financial impact and ensure that expenditure does not exceed the resources available. It is vital that significant importance is placed on effective financial management and medium-term financial sustainability to deliver a balanced budget going forwards and protect service delivery.

10.2.3 Financial regulations provide the framework of financial controls across the organisation, providing the rules in which officers need to adhere to. They will be kept under review post vesting day once the adequacy of the levels proposed are tested.

10.3 Legal Implications

10.3.1 The Shadow Authority is required to ensure that appropriate constitutional arrangements are in place for West Surrey Council ahead of Vesting Day. Section 9P of the Local Government Act 2000 requires a local authority to prepare, maintain and keep up to date a constitution, and the financial procedure rules form an important part of that governance framework.

10.3.2 The draft Finance Procedure Rules will need to be aligned with the wider constitution, including the scheme of delegation, contract and procurement rules, decision-making arrangements and relevant officer roles, to ensure that the final constitution is internally consistent and capable of effective operation from Vesting Day.

10.4 The principal risk is that the Council does not have a comprehensive set of Finance Procedure Rules in time for Vesting Day, which would put it in contravention of Section 151 of the Local Government Act 1972.

10.5 Monitoring Officer Commentary

10.5.1 Clear Financial Procedure Rules, adopted by the Shadow Authority into the West Surrey Council Constitution, effective from Vesting Day, upholds compliance with legislation, provides a robust governance framework and attributes to the council's best value duty of continuous improvement.

10.6 People/Human Resources Implications

10.6.1 There are no direct People implications of this report.

10.7 Equality and Diversity Implications

- 10.7.1 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

10.8 Climate Change and Sustainability Implications

- 10.8.1 There are no direct climate change and sustainability impacts arising directly from this report. However, the council's equality duty and equality impacts are considered in relation to each individual procurement or applicable financial transaction undertaken.

10.9 Stakeholders Implications

- 10.9.1 None anticipated

11 Overview & Scrutiny Comments

- 11.1 Not applicable

12 List of Appendices

- 12.1 Appendix 1 – Draft Financial Procedure Rules for West Surrey Council amended to take into account the feedback from the Audit and Governance Committee on 29 October 2026.

13 List of Background papers

- 13.1 West Surrey Shadow Authority Audit and Governance Committee, 2 September 2026, West Surrey Constitution: Financial Procedure Rules: [Financial Procedure Rules](#)
- 13.2 West Surrey Shadow Authority Constitution Sub Committee 17 September 2026.

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Draft Financial Procedure Rules for West Surrey Council

Financial Procedure Rule (FR)	Description
	Introduction
FR1	Scope of Financial Procedure Rules
FR2	Roles and Responsibilities
FR3	Information Affecting the Council's Finances
FR4	Preparation of Financial Plans
FR5	Authority to incur Revenue Expenditure
FR6	Financial Monitoring
FR7	Virement of Revenue Budgets
FR8	Fees and Charges, Commercial Activities
FR9	Council Tax and National Non-Domestic Rates
FR10	Carry Forward of Unspent Budgets
FR11	Reserves
FR12	Authority to incur Capital Expenditure
FR13	Monitoring the Capital Programme
FR14	Financial Accounts
FR15	Duty to carry out Audit
FR16	Financial Irregularities
FR17	Ordering Procedures
FR18	Consultants and Contractors
FR19	Contracting Arrangements
FR20	Payment of Salaries and Wages
FR21	Income Collection and Banking Arrangements
FR22	Adult Social Care Assessed Fees & Charges Debt Management and Bad Debt Write Off
FR23	Debt Management and Bad Debt Write Offs Not Relating to Adult Social Care Assessed Fees & Charges
FR24	Assets
FR25	Stocks and Stores
FR26	Estates
FR27	Risk Management and Insurance
FR28	Treasury Management

Introduction

Financial Procedure Rules provide a framework within which all staff can carry out their responsibilities in an open and consistent manner. They outline the financial responsibilities of all officers and members of the Council, and have been designed to promote and maintain the high standards expected of the public sector in dealing with financial and other resources financed from taxation by:

- placing clear accountability with officers appointed to manage resources;
- and establishing key principles and processes which they should follow, supported by detailed operating arrangements approved by the Section 151 Officer.

Section 151 of the Local Government Act 1972 requires local authorities to plan for the proper administration of their financial affairs and appoint a Chief Finance Officer (**Section 151 Officer**) to have responsibility for those arrangements.

Whilst responsibility for the administration of the Council's financial affairs lies with the Section 151 Officer, all individuals engaged in Council activities are responsible for financial governance, ensuring that their actions comply with Financial Procedure Rules.

Hosted Services

Services hosted by other authorities on behalf of West Surrey Council or by West Surrey on behalf on other authorities, as set out in a hosting agreement, will deliver their service in accordance with the relevant Financial Procedure Rules and governance rules for the Authority who is the beneficiary of the service including adherence to terms laid out in the Inter Authority Agreement (IAA).

Members of the Council Executive and Executive Directors hold a dual role to ensure that services, strategic policies and priorities are delivered within resources and meet all fiduciary responsibilities, recommendations to Council are deliverable and that they support Budget Managers to spend within the Budget Envelopes.

The **Accountable Budget Officer (ABO)** (Executive Directors, Service and Assistant Directors, Heads of Service and other officers deemed to be Senior Officers) has overall accountability for a group of budgets. The ABO is ultimately accountable for ensuring effective planning and management of their budgets to deliver their service priorities within the agreed budget envelope.

A **Budget Manager** has day to day responsibility for the management of the budget of one or a group of services or projects under the oversight of an ABO. Their key responsibility is to make best use of financial resources through good planning and management, taking corrective action where required. They may be responsible for enacting the efficiency plans under the oversight of the ABO.

The **Corporate Finance service** have the responsibility to work as business partners alongside other officers and members, assisting with monitoring expenditure and income and providing challenge to financial decision-makers at all levels.

All officers with responsibility for undertaking financial duties are required to comply with these rules. The Section 151 Officer is, in turn, accountable to Council. The Financial Procedure Rules and supporting documents are initially to be reviewed every 6 months until such time as the Audit and

Governance Committee agree to them being reviewed annually and will be developed further in line with any cultural changes and transformation plans the Council is working towards.

Locally managed schools have their own financial governance and rules, which are set out in the West Surrey Scheme of Financing Schools and the Schools' Finance Manual.

The Financial Procedure Rules should be read in conjunction with the Council's:

- Anti-Fraud and Corruption Strategy and Framework
- Business Continuity Plan Guidance
- Risk Management Strategy
- Whistleblowing Policy
- Procurement and Contract Procedure Rules

FINANCIAL PROCEDURE RULE 1 - SCOPE OF FINANCIAL PROCEDURE RULES

FR1.1 The Financial Procedure Rules are binding on all Council members and officers, including contractors, agency staff, and anyone acting on behalf of the Council, including elected members.

FR1.2 Financial Procedure Rules are part of the Council's Constitution. Financial Procedure Rules may only be amended by Full Council.

FINANCIAL PROCEDURE RULE 2 - ROLES AND RESPONSIBILITIES

Council

FR2.1 Council members, acting as the Full Council, are responsible for approving:

- Overall policy framework
- Medium Term Financial Strategy
- Annual Revenue and Capital Budgets
- Prudential Indicators for treasury management
- Limits on virements between budgets
- Capital Strategy
- Investment Strategy
- Treasury Management Strategy
- Annual Housing Revenue Account Budget
- Housing Revenue Account 30-year-plan

Executive

FR2.2 The Executive is responsible for proposing the policy framework and budget to the Full Council and for the discharge of executive functions in accordance with it. Decisions can be delegated to individual executive members or officers in line with the Scheme of Delegation.

Section 151 Officer

FR2.3 The Section 151 Officer's role and responsibilities are set out in statute and are governed by (but not restricted to):

- Section 151 of the Local Government Act 1972;
- Section 114 of the Local Government Finance Act 1988;
- Local Government and Housing Act 1989;
- Local Government Act 2003; and
- Accounts and Audit Regulations 2015.

FR2.4 All financial procedures and records shall be subject to their approval. Under The Accounts and Audit Regulations, the Section 151 Officer is responsible for the financial management of the Council, sound systems of internal control, risk management, and at least once in a year, a review of the effectiveness of the system of internal control.

FR2.5 The Section 151 Officer will determine the administrative and accounting arrangements for the housing revenue account subject to all relevant statutory provisions and any guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG).

FR2.6 The Section 151 Officer will provide guidance on the apportionment of support and overhead costs between the general fund and housing revenue account. Any apportionment of costs must be fair to both council tenants and council taxpayers.

FR2.7 The Section 151 Officer is responsible for ensuring any borrowing, including for housebuilding, is undertaken in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code of Practice and the Council's approved prudential borrowing indicators.

FR2.8 The Section 151 Officer is responsible for the day-to-day management of the Council's financial affairs. They shall provide information and assistance to all officers to help them carry out their responsibilities for effecting the sound financial management of their services.

FR2.9 The Section 151 Officer shall report to members on the overall budget performance, delivery of savings and transformational programmes and recommend corrective action as and when required. They shall ensure, as far as practicable, Financial Procedure Rules and supporting policies protect the Council against any unlawful financial transactions or actions.

FR2.10 The Section 151 Officer must be given access to any necessary information to comply with their statutory duties.

FR2.11 The Section 151 Officer will ensure that procedures are documented and made available to users for those financial systems identified as business critical.

FR2.12 The Section 151 Officer shall, after consultation with the Chief Executive, report any non-compliance with these rules which they consider to be a significant risk. A significant risk will be the judgement of the S151 officer but would be determined with reference to whether the non-compliance could result in material financial loss, inaccurate financial reporting, misuse or misappropriation of funds, fraud, breach of statutory or regulatory obligations or significant failure of financial accountability and control. The report shall be made to the Leader and to the Audit and Governance Committee and any other relevant Committee depending on the circumstances.

FR2.13 The Section 151 Officer can nominate a Deputy Section 151 Officer or Officers that have the same role and responsibilities in the absence of the Section 151 Officer.

Senior Officers (Chief Executive, Executive Directors, Directors, Service and Assistant Directors, Head of Service, other designated officers)

FR2.14 Senior Officers have individual and collective responsibility to ensure that the Seven Principles of Public Life i.e. The Nolan Principles are applied in all matters relating to financial activity of the council. These are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

FR2.15 Senior Officers of West Surrey Council have overall accountability for their revenue budgets and are ultimately accountable for ensuring effective planning and management to deliver service priorities and outcomes within the agreed budget envelope, whilst reporting any variations and working to rectify them as soon as possible.

FR2.16 Senior Officers may delegate day to day management to a Budget Manager in their directorate or service, provided that a list of officers so authorised shall be supplied to the Section 151 Officer. Although day to day management of a budget may be delegated, responsibility and accountability for budget management, pressures, efficiencies, risks and controls remain firmly with Senior Officers. Effective management of resources is a fundamental requirement of managers and failure to manage budgets will be investigated under the disciplinary procedure. Persistent or significant failure could constitute gross misconduct. Accountable Budget Officers will be required by the s151 Officer to formally acknowledge their responsibilities and budget remit for both revenue and capital, annually.

FR2.17 Senior Officers shall propose annual revenue and capital budgets for each service within the budget guidelines agreed by the Executive.

Budget Managers

FR2.18 Budget Managers should make all relevant staff aware of these rules (and associated documents) and highlight the relevance and compliance of the rules to team members.

FR2.19 Budget Managers are accountable for their budget areas and for managing income and expenditure and ensuring value for money in service delivery. Budget Managers are responsible for taking action to recover and to report on any budgetary variances, and for reporting to Senior Officers if there is a possibility that budgets may be overspent. Effective management of resources is a fundamental requirement of Budget Managers and failure to manage the budget properly will be investigated under the Council's disciplinary procedure.

FR2.20 Budget managers are responsible for the budget narrative that informs the monthly reports to Directorate Leadership Teams (DLT), the Corporate Leadership Team (CLT) and to members. Finance officers are available to support this process.

FR2.21 Senior Officers and Budget Managers are responsible for ensuring that all staff, contractors, agency staff working in their directorates, anyone acting on behalf of the Council and elected members are aware of the existence and content of the Council's Financial Procedure Rules and other internal regulatory documents and that they comply with them. They must also ensure that there is adequate availability of and access to the current version of Financial Procedure Rules.

FINANCIAL PROCEDURE RULE 3 - INFORMATION AFFECTING THE COUNCIL'S FINANCES

FR3.1 Where a matter arises in any Directorate which could materially affect the Council's finances, other than a matter already approved, Senior Officers shall consult the Section 151 Officer before any provisional expenditure is incurred or any commitment given.

FR3.2 All Executive reports shall contain a section dealing with the financial implications of the matter(s) covered by the report and shall be submitted to the Section 151 Officer, who shall satisfy themselves that the financial information is comprehensive and accurate before the report is finalised and published. Other committee reports that contain financial implications should follow the same process.

FINANCIAL PROCEDURE RULE 4 - PREPARATION OF FINANCIAL PLANS

FR4.1 The Section 151 Officer, in consultation with the Chief Executive, shall advise the Executive each year on the timescales and procedures to be adopted for the formulation of all Financial Plans including the Medium Term Financial Strategy, Annual Revenue Budget, Council Tax Requirement, Capital Strategy, Investment Strategy, Capital Programme, Treasury Management Strategy and a Housing Revenue Account annual budget and Business Plan. The Executive shall agree a timetable which will include stages for consultation with Overview and Scrutiny and appropriate Select Committees and other appropriate stakeholders. Members will be actively involved in scrutiny of budget proposals ahead of submission to the Executive and Council, and subsequently in the monitoring of progress.

FR4.2 Senior Officers shall adhere to the agreed timescales and procedures in providing the information required to enable the preparation of financial plans.

FR4.3 In accordance with the agreed timescales, the Section 151 Officer shall submit a report to the Executive, taking account of the views of appropriate committees, with the information required to enable the Executive to recommend a Capital Strategy and Programme, Revenue Budget and Council Tax requirement for the following financial year to Council. The report will comment on the robustness of the budget proposals submitted for approval in compliance with the requirements of Section 25 of the Local Government Act 2003.

FR4.4 Any additional expenditure not already included in the existing Revenue Budget must be found from corresponding savings/efficiencies/additional income in other areas. Income budgets must also be monitored to ensure collection of all fees and charges or other income is achieved.

FR4.5 Senior Officers, in consultation with the Section 151 Officer, shall make appropriate arrangements for the effective identification, progression and management of external funding and partnership opportunities (hereafter referred to as "funding opportunities") applicable to their service area.

FR4.6 All bids for funding opportunities for externally funded schemes shall be made in consultation with the Section 151 Officer or their deputies before a bid is submitted. Bids must take into account all officer time, work which will have to be undertaken in all services/directorates to implement the scheme and all costs which must be met by the Council, in consultation with the appropriate Senior Finance Manager. Some applications may require member approval, as set out in the Constitution, particularly where the Council is entering into contractual arrangements. Costings in funding bids

should, wherever possible, include direct, indirect, and overhead costs, using the Commercial Rate Card as a guide.

FR4.7 All officers engaged in the progression of such schemes shall adhere to these Financial Procedure Rules, the Council's Procurement Rules and any other directions or instructions given by the Council. Where the Council has been defined by the funder as the Accountable Body for a scheme, Financial Procedure Rules applies equally to the staff of any partnering organisations in respect of the scheme.

FR4.8 Where a third party works in partnership with the Council in delivering an externally funded project, officers must ensure that a third-party agreement is in place which reflects the terms and conditions of the funding agreement between the Council and the external funder. The responsible officer shall ensure that the third-party complies with the third-party agreement to safeguard the Council's position regarding compliance with its agreement with the funder. For all significant arrangements, the advice of the Monitoring Officer should be taken on the structure and content of any agreement.

FR4.9 Further guidance on preparation of financial plans timescales and procedures, submission and monitoring of capital schemes, roles and responsibilities, and funding proposals and process can be sought from the appropriate Senior Finance Manager.

FINANCIAL PROCEDURE RULE 5 - AUTHORITY TO INCUR REVENUE EXPENDITURE

FR5.1 Budget Managers are authorised to incur expenditure up to the amounts included in their approved budget. Budget managers are ultimately accountable for the spending within their budget areas. Although day to day budget management may be delegated to other budget managers, the responsibility for financial approval must remain with the budget manager. Approval workflows built into the General Ledger system are as follows:

Management Tier	Approve up to
Tier 7	£1,000
Tier 6	£10,000
Tier 5	£20,000
Tier 4	£100,000
Tier 3 Director	£250,000
Tier 2 Executive Director	£500,000
S151	£500,000+

Expenditure approved this way is also subject to all other procurement rules and financial decision thresholds.

FR5.2 The Section 151 Officer shall update budgets to reflect approved variations agreed by the Executive. In addition, they shall approve amendments and update the Revenue Budget in accordance with Financial Procedure Rule 7.

FR5.3 Overspending against the approved budget is not permitted. However, a situation may arise which requires expenditure to be incurred as a matter of such urgency that there must be no delay. If there is no, or insufficient, budget provision available, the Budget Manager should, in consultation

with the relevant Senior Officer and Section 151 Officer obtain the necessary goods, and/or works, and/or services. The additional expenditure should be met by virement in accordance with Financial Procedure Rule 7.

FR5.4 The Section 151 Officer or deputies approve any non-redundancy related settlement claims (not covered by **FR5.5**) over £50,000; the appropriate Senior Finance Manager will approve anything below £50,000, subject to budget being available.

FR5.5 The approval of special and non-special severance agreements and, redundancy applications (e.g. compulsory and voluntary redundancy, ill health retirement and compensation for an injury at work payments) are covered within the Scheme of Delegation.

FINANCIAL PROCEDURE RULE 6 - FINANCIAL MONITORING

FR6.1 Individual budgets may be delegated to Budget Managers/Budget Holders within the directorate; however, Senior Officers maintain overall responsibility and are accountable for managing the budgets as detailed in FR2.16.

FR6.2 Senior Officers are responsible for delivering services within the allocated budget. It is not acceptable to overspend, and mismanagement of the budget may lead to disciplinary action.

FR6.3 Senior Officers and Budget Managers are responsible for delivering the savings/efficiencies identified within their assigned budgets.

FR6.4 Budget Managers shall provide accurate forecasts in accordance with the budget monitoring timetable. Any overspends against a single budget line must be met by a saving elsewhere within the budget. If an overall unavoidable overspend is likely to occur, the Budget Manager must notify the appropriate Senior Officer and Senior Finance Manager and provide a detailed explanation of why the overspend is truly unavoidable. Any underspends should also be reported early, as these may be required to offset unavoidable pressures elsewhere.

FR6.5 The monthly forecasts should provide coherent and detailed explanations which support the reported figures activity levels for budget variances, highlight potential budget problems progress on management actions and outline the impact on future budgets.

FR6.6 On behalf of Senior Officers, Senior Finance Managers will present monthly monitoring reports to DLTs. The Section 151 Officer will present a consolidated monthly monitoring report to CLT.

FR6.7 Using a risk-based methodology, regular financial monitoring reports shall also be prepared and submitted, in the agreed format, to DLT, CLT and the Executive.

FINANCIAL PROCEDURE RULE 7 - VIREMENT OF REVENUE BUDGETS

FR7.1 Budget approval gives Budget Managers the right to incur expenditure on behalf of the Council. Budget Managers may vire between their budget headings within the constraints outlined in the Financial Procedure Rules, in consultation with the appropriate Senior Finance Manager. Virements should not be used to adjust for under/overspends on various headings but only where a definite decision has been taken to change approved spending plans.

FR7.2 Revenue virements resulting from a change in policy or priorities (either within the same portfolio or between portfolios) will be subject to the following approval:

Amount	Minimum approval required
Up to £499,999	S151 Officer (following consultation with appropriate Executive Director)
£500,000 and above	The Executive (following consultation with relevant Executive member, Executive Director and S151

FR7.3 Exceptions to the virement rules are as follows:

Member approval is not required where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will however require the approval of the Director of Finance and the relevant Senior Finance Managers.

Member approval is not required for budget movements arising in order to comply with the CIPFA Service Expenditure Reporting Code of Practice guidance on accounting for overheads, or budget movements arising in order to comply with proper accounting practice. Approval is required from the relevant Senior Finance Manager and/or the Director of Finance.

FR8 – FEES AND CHARGES, COMMERCIAL ACTIVITIES

FR8.1 The Section 151 Officer shall issue guidance to all Directorates on the indicative levels of increase in fees and charges for services to ensure that as far as possible a common approach to charges and revisions of charges is adopted across the Council subject to cost recovery requirements set out in **FR8.2**.

FR8.2 Senior Officers and Budget Managers will conduct an annual review of all fees and charges, in consultation with the appropriate Senior Finance Manager, as part of the annual budget setting process. The purpose of the review would be to ensure that:

- Charges are set with the intention to recover the full cost of provision of each service where this is considered fair and reasonable in respect to historic charging policies. Any deviations should be agreed in accordance with FR8.4
- Chargeable discretionary services are not subsidised without a specific supporting policy decision; and the level of subsidy for chargeable statutory services is recorded.

The annual review will encompass a review of the budgeted income generation, direct costs and allocated costs per the Commercial Rate Card, associated benchmarking comparatives, any changes to the local economy and any changes in legalisation to statutory services.

FR8.3 Each Directorate will supply to the Finance Senior Management Team (FSMT) a list of fees and charges highlighting changes to the fee or charge, and comparative change from year to year. FSMT will consider whether any fees and charges are commercially sensitive, or politically high priority to define whether the change requires approval by the Executive or noting.

FR8.4 Once the fees and charges (discretionary and statutory) annual review has been conducted and reviewed by FSMT, within the annual budget setting timeline, the following table provides the approval and publishing delegation:

Change:		Existing fees and charges			New fees and charges
	in line with guidance or rounding ² ,	increase higher than issued guidance	Under or over recovery of costs**	part of a high-priority schedule	
Approved by:	Budget Managers	Relevant Executive Member			
In consultation with:	Appropriate Senior Finance Manager	Finance Senior Management Team			
Published in:	Noted within the Executive Budget Report *	Approved by the relevant Executive member (in year changes) or within the Executive Budget Report *			

*Or within another Executive report before the start of the new financial year. If commercially sensitive, the individual fees and charges would be considered for Part 2 Committee report

**see FR8.5 for costs recovery requirements.

FR8.5 In determining charges for discretionary services, the cost of providing the service should be calculated and fees charged to the service user in order to recover all direct, indirect and overhead costs, as well as current service costs, incurred by the Council in the delivery of the service and in compliance with relevant legislation. Regard should be given as to whether any increase is considered fair and reasonable in respect to historic charging policies. See FR8.7 regarding exceptions. Where relevant, the cost of chargeable officer time should be used as calculated by corporate finance in the Commercial Rate Card (updated annually). Senior Officers should liaise with the appropriate finance officer in relation to the proposals. Finance officers must, wherever possible, prevent an unintended subsidy of discretionary services through the under-recovery of indirect and/or ancillary costs incurred in the delivery of discretionary services. Any subsidy of discretionary services must be explicitly approved by the Executive.

FR8.6 As part of the annual review of fees and charges, Senior Officers shall also examine the possibility of introducing charges for services where no charges are currently made. This will be undertaken in consultation with Legal Services.

FR8.7 Some fees and charges may be based on part cost recovery, subject to a supporting policy decision regarding subsidy (FR8.2). Reasoning and evidence should be provided to show why the charging of full cost would be detrimental to policy aims and that no alternative provision model is available or feasible. Non-recovery of current service costs does not require approval beyond Budget Managers.

FR8.8 Where charges are assessed according to ability to pay, Senior Officers may plan for the charges to be reduced in accordance with an assessment methodology approved by the Executive.

FR8.9 Housing rents should be set and increased annually in line with the Council's rent policy, relevant tenancy agreements, and guidance issued by the Regulator of Social Housing.

Subsidiaries of the Council

FR8.10 Revenue and capital expenditure by subsidiaries is the responsibility of the respective company Boards. Expenditure that is above thresholds set in the respective companies' Articles of Association will be approved by the Council's appropriate shareholder governance board, and additionally by the appropriate strategic governance board if greater than the Key Decision Threshold.

FR8.11 Approval of business plans, oversight of business performance, and other governance matters relating to subsidiaries and other investments will be provided by the appropriate governance boards.

FINANCIAL PROCEDURE RULE 9 - COUNCIL TAX AND NATIONAL NON-DOMESTIC RATES

FR9.1 The setting and collection of council tax and non-domestic rates is determined by legislation. The Council will set the annual rate of council tax by dividing the total council tax requirement by the council tax base. The Council may also apply specific levies to fund designated services if permitted by legislation. Other bodies in West Surrey including parish and town councils, and the Surrey Combined Fire and Rescue Authority may raise a precept on the council tax bills raised by the Council.

FR9.2 The Section 151 Officer is responsible for determining the administrative and accounting arrangements for the Council Tax collection fund. This includes approving the Council Tax base estimates.

FR9.3 As a billing authority, the Council will apply the relevant multiplier to the rateable value of each business property.

FINANCIAL PROCEDURE RULE 10 - CARRY FORWARD OF UNSPENT BUDGETS

FR10.1 The carry forward of unspent provisions in the Revenue Budget from one financial year to the next is generally not permitted except with explicit approval of the Section 151 Officer, in consultation with the Leader of the Council and Portfolio Holder for Finance. A review of such requests will take place as part of the year activities.

FR10.2 The Section 151 Officer shall, as soon as is practicable, supply a detailed list of the items and amounts approved to Senior Officers and Budget Managers. The Section 151 Officer will report specific items to members within the overall outturn report.

FR10.3 Year end balances will be transferred to and from reserves by the Section 151 Officer, in line with the Council's Reserves Policy, and with the approval of the Executive.

FINANCIAL PROCEDURE RULE 11 – RESERVES

FR11.1 Reserves will be set by the Council each year as part of the budget setting process and will be reconciled as part of the year end process with recommended actual transfers forming part of the outturn report. The Section 151 Officer will advise the Executive and Council on the prudent level of reserves and balances, considering prevailing and anticipated levels of risk and uncertainty.

FR11.2 The creation of any reserve will be subject to the approval of the Executive, upon the advice of the Section 151 Officer. For each reserve established, the purpose, and usage will be clearly articulated.

FR11.3 Increases in existing reserves come about through two routes: Through the budget setting process, the setting of which requires Full Council approval; and by transfer of an underspend into reserves in accordance with the table below:

Amount	Minimum approval required
Up to £499,999	S151 Officer (following consultation with appropriate Executive Director)
£500,000 and above	The Executive (following consultation with relevant Executive member, Executive Director and S151)

FR11.4 The Section 151 Officer shall be authorised to draw upon reserves for the agreed purposes of that reserve, subject to provision remaining available.

FINANCIAL PROCEDURE RULE 12 - AUTHORITY TO INCUR CAPITAL EXPENDITURE

FR12.1 The Council's approach to capital investment is set out in the Council's Capital Investment and Treasury Management Strategy, which is approved by Council as part of the budget setting papers each February. New schemes and projects will usually only be added to the Capital Programme as part of the annual budget setting process, however, changes, capital virements and additions may be made during the year, subject to one of three decision-making structures.

Capital expenditure relating to equity investments or investment property will be subject to assessment by the officer-led appropriate governance boards.

Capital expenditure by subsidiaries is the responsibility of the respective company Boards as detailed in **FR8.10**.

FR12.2 Capital expenditure other than on equity investments and investment property is subject to a governance route based on value and an assessment of impact and risk. New capital schemes and projects and changes to existing schemes and projects are assessed and scrutinised in up to three stages prior to being included in the Capital Programme:

	New project	Existing project*
Senior Finance Manager or their nominated officer for Information Technology, Infrastructure and Property.	Initial assessment – all values	
S151-chaired officer board	Up to £999,999	Up to £499,999 or 10% of total budget, whichever is the lower
Executive	£1,000,000+	£500,000+

* Where the scheme or project is within the approved Capital Programme Budget and does not require additional officer or member approval, based on an assessment of impact and risk.

Strategic Capital Groups comprise of the Head of Service or their nominated officer and Senior Finance Manager.

The Capital Programme Panel comprises of the Section 151 Officer or their nominated officer, the chairs of the Strategic Capital Groups and other nominated officers.

Where overarching capital programmes are included in the capital budgets approved by the Executive and Council as part of the capital budget setting progress, overarching programme strategies should also be approved by the Executive, setting out the parameters for incurring capital expenditure against these programme budgets.

Where overarching strategies delegate the approval of individual schemes to the relevant Executive Member(s) and Executive Director(s), subject to scrutiny of business cases by the S151-led officer board. Individual schemes should initially be reviewed by Capital Programme Panel and then be signed off by the relevant Executive Director(s). Final approval will be via the relevant Executive Member(s) via a formal delegated decision sheet which will be published and subject to call-in processes.

In these cases, the Executive member, Executive Director and S151-led officer board will also be responsible for ensuring, in consultation with Strategic Capital Groups, that the overarching strategy approved by the Executive remains deliverable within the overall programme budget and that key metrics, e.g. number of additional school places, will be delivered.

FR12.3 All proposed schemes must be based on a robust business case and subject to appropriate internal or external due diligence. In particular the business cases must ensure:

- Capital Programme proposals are consistent with the Council's Organisation Strategy, Capital Strategy and Investment Strategy, Asset and Place Strategy and Directorate Strategies and have a strategic mandate to proceed;
- each capital scheme or project is assessed for both financial and service risk; the proposed timetable for the scheme or project is realistic;
- and all associated revenue implications are fully quantified and covered in the current and future years.

FR12.4 Only those schemes and projects that meet the strategic priorities and have been assessed via the stages outlined above, subject to member approval where required, will be approved as part of the Capital Budget. Projects in an earlier stage of development may be included in the Capital Pipeline but will require business case approval, assessed via the stages outlined above, before they can commence.

FR12.5 Contracts for capital works will be awarded in accordance with the rules set out in Procurement Standing Orders.

FINANCIAL PROCEDURE RULE 13 - MONITORING OF THE CAPITAL PROGRAMME

FR13.1 Once a capital scheme or project has been approved in the Council's Capital Programme Budget, each Budget Manager shall be responsible for monitoring expenditure and income, and for providing information in accordance with arrangements set out in the Capitalisation Handbook to enable regular reports to be submitted to DLTs, CLT, Select Committees and to the Executive. Note: Annually Senior Officers, known as Accountable Budget Officers, are requested to acknowledge their responsibilities and capital budget remit.

FR13.2 If necessary and following consultation with the Section 151 Officer or their nominated officer, virements may be made between capital schemes to reflect the value of each accepted tender. Virements should be approved by the appropriate Strategic Capital Group, Capital Programme Panel or the Executive based on the thresholds and non-financial factors set out in FR12.2.

FR13.3 Block items within the Capital Programme comprising multiple schemes (e.g. Maintenance and Minor Works Programmes) shall be regarded as a single project subject to the total scheme costs not being exceeded and satisfying the requirements of any external funder.

FINANCIAL PROCEDURE RULE 14 – FINANCIAL ACCOUNTS

FR14.1 The Section 151 Officer shall ensure that all financial transactions of the Council are accurately reflected in the Council's accounting records.

FR14.2 All financial systems, accounting policies and accounting records shall be in a form agreed by the Section 151 Officer. All proposed changes to accounting policies must be approved by the Section 151 Officer and discussed with the Council's external auditors, in line with accounting standards.

FR14.3 The Section 151 Officer will make appropriate arrangements for and advise officers and members on all taxation issues that affect the Council.

FR14.4 The Section 151 Officer will sign off the annual Statement of Accounts, once they are satisfied that the statement represents a true and fair view of the financial position of the Council. The Statement of Accounts will be submitted for approval to the Council, or the Audit and Governance Committee if this responsibility is delegated.

FR14.5 Arrangements for the retention or destruction of financial records shall be in accordance with the Council's Record Retention Policy. In any event, no document relating to the financial

transactions of the Council, or its employees shall be destroyed before the completion of the External Audit for the year concerned.

FR14.6 Senior Officers shall be responsible for ensuring that there are adequate arrangements, in respect of financial information held in electronic form, to safeguard continuity in the event of an emergency and shall comply with the requirements set out in the Council's IT Security Policy.

FINANCIAL PROCEDURE RULE 14 - DUTY TO CARRY OUT AUDIT

FR15.1 The Section 151 Officer shall ensure that the Council maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices, as laid down in The Accounts and Audit Regulations. This also extends to external audit, where appropriate, subject to external partners and external funding requirements. To facilitate independence and objectivity in reporting, the reporting lines of the Internal Audit function should be unfettered by line management structures so that direct access to any officer, member or external regulating authority (e.g. external audit) will be available.

FR15.2 In order to discharge their responsibilities under FR15.1 above, the Section 151 Officer, Internal Audit and any other authorised staff shall have the right to:

- Enter any Council premises or land at any reasonable time, without prior notice;
- Gain access at all times to all records and documents (including email and correspondence) relevant to the business of the Council as maintained by the Council or third parties on its behalf including (but not limited to) external contractors and consultants;
- Require and receive any information and explanations considered necessary to the audit; and
- Require any employee or agent of the Council to account for assets under their control.

FR15.3 The Chief Internal Auditor shall report on a regular basis to the Audit and Governance Committee with a summary of internal audit activity and shall bring to the attention of the Chief Executive and the Audit and Governance Committee any significant matters which may have come to their attention in the course of delivering the internal audit function.

FINANCIAL PROCEDURE RULE 16 - FINANCIAL IRREGULARITIES

FR16.1 All officers are required to inform their manager on becoming aware of any irregularity, or suspected irregularity, affecting income, expenditure, cash, stores or any of the resources of the Council. Senior Officers shall inform the Chief Internal Auditor as soon as practicable. If it is not appropriate to inform local management because of a potential connection to the alleged irregularity, then officers should contact the Chief Internal Auditor directly. This requirement also applies to elected members and to agents working on behalf of the Council where the concern is around Council related matters.

FR16.2 The Chief Internal Auditor shall consider during the course of any investigation or at its conclusion, as they deem appropriate, whether the matter may require investigation by the Police and/or notification to the External Auditor. Where appropriate they shall seek the advice of the Monitoring Officer and inform the Chief Executive.

FR16.3 At the conclusion of any investigation or earlier if appropriate, the Chief Internal Auditor shall, in consultation with the Monitoring Officer, agree with the Senior Officer concerned the steps that should be taken to mitigate any loss and prevent a recurrence of it. The Chief Internal Auditor shall report significant financial irregularities, frauds or control failures to the Chief Executive and the Audit and Governance Committee.

FR16.4 All investigations of this type undertaken by Internal Audit will be under the direction of the Chief Internal Auditor, in consultation with the Section 151 Officer and the HR Director. Such investigations will be undertaken in line with the Council's Antifraud and Corruption Strategy and Framework, which forms part of the Constitution. The HR Director will ensure that "whistleblowing" procedures are defined, documented, widely communicated and reviewed at appropriate intervals, in consultation with the Section 151 Officer, the Monitoring Officer and the Chief Internal Auditor.

FR16.5 The Chief Internal Auditor or their delegated authority within Internal Audit acts as the Council's Money Laundering Reporting Officer (MLRO). The MLRO will ensure that there is an Anti-Money Laundering Policy published on the Council's external website which sets out the procedures which must be followed to enable the Council to comply with its legal obligations.

FINANCIAL PROCEDURE RULE 17 - ORDERING PROCEDURES

FR17.1 Senior Officers shall be responsible for ensuring that all orders issued from their departments for goods, works and services are in accordance with Procurement Standing Orders.

FINANCIAL PROCEDURE RULE 18 - CONSULTANTS AND CONTRACTORS

FR18.1 Agency workers, Contractors, and individual Consultants should be sourced in accordance with Procurement and HR guidelines.

FR18.2 Agency/interim staff should be procured through the authority's preferred supplier wherever possible.

FR18.3 When the appointment is for specific projects, the Chief Executive must approve interim staff, consultant or contractor appointments where the fee exceeds £50,000 a year (or in proportion where the engagement is for less than one year) before the contract starts.

FR18.4 All consultant or contractor engagements with an aggregate value of £100,000 or over, must be subject to competitive tender and review by the regular procurement governance process before approval by the Chief Executive. The Chief Executive will not approve such engagements retrospectively.

FR18.5 Consultants, contractors and agency workers engaged to supervise contracts on behalf of the Council shall be required to comply with these Financial Procedure Rules as if they were direct employees of the Council. Such a requirement shall be included in every agreement for their services. Any reference in these Financial Procedure Rules to a Budget Manager shall apply to a consultant, contractor or agency worker. Where a report is required, it shall be made by the consultant, contractor or agency worker to the appropriate Senior Officer, who shall report to members as required.

FINANCIAL PROCEDURE RULE 19 – CONTRACTING ARRANGEMENTS

FR19.1 All procurement and purchasing undertaken must adhere to the specified processes as agreed by the Corporate Leadership Team and follow the requirements of the Procurement Standing Orders. The Section 151 Officer may authorise the use of Purchasing Cards for Council staff for the purposes of defraying petty cash and other minor or urgent expenses.

FR19.2 All material assumptions and risks inherent in evaluations of proposed contracts must be fully disclosed to those officers and members making decisions on the award of the contract, before the contract award is made.

FR19.3 Long term strategic contracts must include provision to secure continuous improvement, improved efficiency and value for money. Financial relationships must be made under the relevant corporate guidance as highlighted in the introduction. In this context, partnerships are deemed to be joint arrangements involving the Council pooling financial and/or other resources with other bodies in the pursuit of agreed joint objectives.

FR19.4 All partnership arrangements and pooled budgets must be agreed under written terms appropriate to the extent of the financial risk to the Council and may only be entered into following appropriate consultation with and approval from the Section 151 Officer and the Monitoring Officer. Where the Council's contribution to, or financial risk from such arrangements, exceeds £100,000, the Executive's approval is required. Appropriate approval must be obtained before entering into any proposed partnership.

FINANCIAL PROCEDURE RULE 20 - PAYMENT OF SALARIES AND WAGES

FR20.1 The payment of all salaries, wages, pensions, compensation and other emoluments to employees, former employees or beneficiaries of the Council shall be made in accordance with arrangements approved by the Chief Executive and the Employment Committee (EC).

FR20.2 The HR Director shall arrange for all relevant payments in respect of sums deducted from employees' remuneration and any employers' contributions to be made to the appropriate agency.

FR20.3 Senior Officers shall notify the HR Director, of all matters affecting payment as soon as possible. Notification will be in the form prescribed by the Section 151 Officer and Monitoring Officer.

FR20.4 Time records or other pay documents (including those relating to flexible working hours) shall be in a form prescribed or approved by the HR Director.

FR20.5 The HR Director shall ensure that there are proper arrangements to maintain all necessary human resources records concerning pay, superannuation, statutory sick pay, national insurance and income tax.

FR20.6 The HR Director shall have regard to any recommendations made by the Section 151 Officer in all matters of a financial nature.

FINANCIAL PROCEDURE RULE 21 - INCOME COLLECTION AND BANKING ARRANGEMENTS

FR21.1 Senior Officers and Budget Managers shall seek the prompt collection of all monies due to the Council in accordance with arrangements approved by the Section 151 Officer and as specified in the Income Manual.

FR21.2 Senior Officers and Budget Managers are responsible for dealing with the receipt of money and other remittances and holding them in secure conditions before they are banked or otherwise dealt with.

FR21.3 The Section 151 Officer is responsible for the Council's overall banking arrangements. All arrangements for opening bank accounts and for the banking and withdrawal of money shall be approved by the Section 151 Officer. The Section 151 Officer shall determine the arrangements for the reconciliation of all Council bank accounts.

FINANCIAL PROCEDURE RULE 22 – ADULT SOCIAL CARE ASSESSED FEES & CHARGES DEBT MANAGEMENT AND BAD DEBT WRITE OFF

FR22.1 The Section 151 Officer has the authority to approve write offs of unpaid Adult Social Care assessed fees & charges up to the value of £100,000 per individual debt where the relevant Budget Manager and financial assessment staff in Adult Social Care, Legal Services and Corporate Finance agree there is no realistic chance of recovering the debt or it is considered uneconomical to attempt debt recovery. The Section 151 Officer has the overriding authority to approve or reject write offs if there is not agreement between Adult Social Care, Legal services and Corporate Finance about a particular debt.

FR22.2 The Section 151 Officer may delegate in writing approval of individual write offs of unpaid Adult Social Care assessed fees & charges to another member of the Corporate Finance service.

FR22.3 The Section 151 Officer or the delegated Corporate Finance officer may delegate in writing approval of write offs of unpaid Adult Social Care assessed fees & charges up to £5,000 to designated officers in Adult Social Care. Where this delegation is made, the designated Adult Social Care officers will have the authority to approve write offs without the need to seek advice and formal approval from Corporate Finance.

FR22.4 Any individual debts relating to unpaid Adult Social Care assessed fees & charges of more than £100,000 must be approved by the Executive, subject to the recommendation of the Section 151 Officer.

FR22.5 Write-off of irrecoverable debt will be charged to the relevant budget in Adult Social Care. The year-end financial outturn report will provide a summary of all irrecoverable debt written off during the year relating to Adult Social Care assessed fees & charges.

FR22.6 Credit balances, which are over three years old, and which cannot be substantiated or justified, will be released to the relevant fund after closure of accounts of each year, subject to formal approval by the Section 151 officer.

FR22.7 Where the Council's Client Financial Affairs Team acts as the court appointed Financial Deputy or Department for Work & Pensions Appointee for a resident who dies they will be responsible for undertaking the following duties:

- Advising known parties of the death, including financial institutions and organisations where the resident has a known financial relationship.
- Liaising with known Executors or known Next of Kin who are actively pursuing Letters of Administration for authority to act on the estate.
- Referring the matter to the Treasury Solicitor where there is no known Next of Kin.
- Arranging for funeral expenses to be paid where invoices are received from Funeral Directors together with a copy of the death certificate.

Where the Council has set up a bank account for the resident:

- Where they are required by the bank and set up with the ability to do so the Client Financial Affairs Team will instruct the bank to stop all Direct Debits and Standing Orders on the account.
- Other than payment of funeral expenses outlined above, the Client Financial Affairs Team will take no other action in relation to the account unless instructed to do so by the appointed Executor or Person granted Letters of Administration.
- The Client Financial Affairs Team will transfer the closing balance to the account requested by the Executor or Person granted Letters of Administration.

FR22.8 The Section 151 Officer has the authority to approve waivers of Adult Social Care assessed fees & charges in accordance with any provision in the Council's Adult Social Care charging policy.

FR22.9 The Section 151 Officer may delegate in writing approval to waive Adult Social Care assessed fees & charges up to specified amounts to another member of the Corporate Finance service and designated Adult Social Care officers.

FR22.10 The Council will maintain a provision for bad debt relating to unpaid Adult Social Care assessed fees & charges. The Section 151 Officer will determine the criteria to calculate how much to provide for outstanding debts in relation to their age and type in consultation with Adult Social Care and Legal Services. The social care bad debt provision will be recalculated based on the latest debt levels and types on at least a quarterly basis. The impact of any increase or decrease required to the social care bad debt provision will be charged to the Council's Adult Social Care budget. Adult Social Care will review each year how much it is proposed is budgeted for potential bad debt to limit in-year impacts of write offs, changes to the bad debt provision or other costs associated with bad debts such as legal fees paid for debts that prove to be irrecoverable. Any budget provision proposed by Adult Social Care will be approved as part of the annual budget setting process.

FINANCIAL PROCEDURE RULE 23 – DEBT MANAGEMENT AND BAD DEBT WRITE OFFS NOT RELATING TO ADULT SOCIAL CARE ASSESSED FEES & CHARGES

FR23.1 The appropriate Executive Director has authority to write off debts for individual outstanding balances for the following:

Council Tax	Up to £10,000
Business Rate	Up to £20,000
Housing Benefit	Up to £10,000
Housing Rent	Up to £10,000
Sundry debt	Up to £10,000

FR23.2 The Section 151 Officer has the authority to approve write offs of unpaid debts up to the value of £50,000 per individual debt where the relevant Budget Manager, Legal Services and Corporate Finance agree there is no realistic chance of recovering the debt or it is considered uneconomical to attempt debt recovery. The Section 151 Officer has the overriding authority to approve or reject write offs if there is not agreement between the Budget Manager, Legal Services and Corporate Finance about a particular debt.

FR23.3 The Section 151 Officer may delegate in writing approval of individual write offs of unpaid debts to another member of the Corporate Finance service.

FR23.4 Any individual debts of more than £50,000 must be approved by the Executive, subject to the recommendation of the Section 151 Officer.

FR23.5 Write-off of irrecoverable debt will be charged to the relevant budget code where the debt was first raised unless otherwise agreed by the Section 151 Officer or their delegated representatives. The year-end financial outturn report will provide a summary of all irrecoverable debt written off during the year.

FR23.6 Credit balances, which are over three years old, and which cannot be substantiated or justified, will be released to the relevant fund after closure of accounts of each year, subject to formal approval by the Section 151 officer.

FR23.7

The Council will maintain three provisions for bad debts (in addition to the one relating to unpaid Adult Social Care assessed fees & charges) as follows:

- A specific provision for all debt outstanding with Integrated Care Boards (ICBs)
- A specific provision for Non-Domestic rates
- A general provision for all other debt

The Section 151 Officer will determine the criteria to calculate how much to provide for outstanding debts in relation to their age and type in consultation with the relevant Budget Managers and Legal Services. The bad debt provisions will be recalculated based on the latest debt levels and types on at least a quarterly basis. Relevant services will bear the impact of any increase or decrease required to the bad debt provision relating to ICBs. The impact of increases or decreases required to the general bad debt provision will be charged to Central Income and Expenditure. Each year consideration will be given as to whether any budget provision should be made to account for the potential impact of bad debt on the Council's revenue budget in the coming year. This will be approved as part of the annual budget setting process. Any savings realised against this budget provision will be transferred to reserves.

FINANCIAL PROCEDURE RULE 24 – ASSETS

Land and Property

FR24.1 The rules set out within this framework are to be applied for circumstance arising that are not already covered within the Scheme of Delegations or Procurement Procedure rules or FR12 set out above (Authority to incur capital expenditure).

FR24.2 All acquisitions and disposals of land and buildings must be approved by:

Amount	Minimum approval required
Up to Key Decision Threshold	S151 Officer-led officer board and appropriate Executive member
Above Key Decision Threshold	Executive

These values relate to freehold and leasehold properties.

FR24.3 All acquisitions and disposals must be referred to the Land and Property Team. The application of best value considerations may result in disposal of assets at less than market value due to wider economic, environmental, and social value factors. The approach to valuation should be agreed in advance, in consultation with the Section 151 Officer. Approaches to valuation include comparison to similar properties recently sold on the open market, or professional valuations completed by an independent property valuer.

FR24.4 The Chief Executive, in consultation with the Leader or Deputy Leader and the Chair or Vice Chair of the Housing Committee, can utilise the Housing Revenue Account, for the purchase of land or buildings in accordance with the Council's general power of competence under the Localism Act 2011, or in the case of the HRA, for the Council's House Building Programme.

Assets other than Land and Property

FR24.7 Assets declared surplus to the Council's requirements should be disposed of at the most appropriate time, and only when it is in the best interest of the Council, and best value is obtained. For assets of significant value, disposal should be by competitive tender or public auction.

FR24.8 Any proceeds from the disposal of assets should be receipted and recorded, even if the disposal value is zero.

FR24.9 No items can be purchased from or disposed of to a member of staff or elected member of the Council without the explicit approval of the Section 151 Officer.

FR24.10 All acquisitions and disposals valued over £10,000 must be subject to a professional valuation. The approach to valuation should be agreed in advance, in consultation with the Section 151 Officer.

FR24.11 Senior Officers are responsible for and shall make arrangements for the safe custody and care of all assets in their department, including exercising proper control over the use of those assets. Such assets shall include plant, machinery, vehicles, furniture, equipment, other non-consumable property, stocks and stores and IT equipment.

FR24.12 Senior Officers are responsible for keeping inventory records and the marking of Council property. The Council's property shall not be removed other than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes.

FR24.13 Inventory records can be adjusted where a surplus or deficiency arises according to the following approval:

Amount	Minimum approval required
Up to £2,499	Senior Officers
£2,500-£4,999	S151
£5,000+	Executive

FR24.14 Appropriate investigations should be carried out to establish the reasons for the surplus or deficiency and prevent a recurrence. Records of such adjustments are subject to Internal Audit inspection.

FR24.15 Budget Managers, after consultation with the Section 151 Officer, are authorised to delete any item from their inventory records where the item has become obsolete and is no longer adequate for the purpose intended, or the item is broken or worn.

FINANCIAL PROCEDURE RULE 25 - STOCKS AND STORES

FR25.1 Lead Officers and Budget Managers are responsible for the receipt, issue and checking of the stocks and stores in their departments and for maintaining appropriate stock levels.

FR25.2 The extent to which items shall be included in records, and the form of record-keeping, shall be determined by the appropriate Senior Officer in consultation with the Section 151 Officer.

FR25.3 Senior Officers, in consultation with the Section 151 Officer, are authorised to adjust stock balances up to £10,000 in respect of any one item provided appropriate investigations have been carried out to establish the reasons and prevent a recurrence. All other write offs require Executive approval.

FR25.4 The year-end financial outturn report to the Executive will set out all stock write offs granted in the year.

FINANCIAL PROCEDURE RULE 26 – ESTATES

FR26.1 The Director of Land and Property shall update the Council's Asset Management Plan as necessary and maintain a terrier of all land and properties held by the Council.

FR26.2 The Monitoring Officer shall have custody under secure arrangements of all the title deeds in the possession of the Council.

FR26.3 The Director of Land and Property shall be responsible for land and property under their control, and for obtaining the best economic return possible consistent with Council policy and legal requirements. They shall ensure that all rents etc. are regularly reviewed.

FINANCIAL PROCEDURE RULE 27 - RISK MANAGEMENT AND INSURANCE

FR27.1 The Risk Management Strategy outlines the arrangements in place to ensure the Council identifies and deals with the key risks it faces. The Risk Management Framework complements the strategy and ensures a consistent approach to risk management across the organisation by detailing the Council's approach to risk identification, assessment, control, and reporting.

FR27.2 The Council's approach to risk management is a continuous and evolving process that runs through the Council's strategies and service delivery. It ensures key risks are managed and resilience is strengthened in order to support the delivery of the Council's priorities.

FR27.3 The Section 151 Officer is responsible for advising the Executive on insurance arrangements. The Section 151 Officer shall be responsible for the day-to-day administration of the Council's insurances, and negotiating all policies and claims in consultation with the relevant Senior Officers and Budget Managers.

FR27.4 Senior Officers, in consultation with the Section 151 Officer, shall be responsible for the effective management of all insurable risks.

FR27.5 Senior Officers shall consult the Monitoring Officer and the Section 151 Officer concerning the terms of any indemnity which the Council may be requested to give.

FR27.6 All Officers shall give prompt notification to the Section 151 Officer of all new risks, properties or vehicles which require to be insured in accordance with arrangements determined by them.

FR27.7 Any person who makes use of their own vehicle for Council business shall comply with the appropriate Council policies with regards to car users and any instructions relating to this policy issued by the HR Director.

FR27.8 Senior Officers shall ensure there is proper security at all times for all assets under their control and safe and proper arrangements for the custody of keys to safes and similar receptacles.

FR27.9 Senior Officers shall immediately notify the Section 151 Officer of any loss, liability, damage or other similar event likely to lead to a claim. Where appropriate, the Section 151 Officer shall inform the Monitoring Officer and the Police. Such notification shall be confirmed promptly in writing.

FINANCIAL PROCEDURE RULE 28 - TREASURY MANAGEMENT AND THE PENSION FUND

FR28.1 All money held by the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Section 151 Officer, subject to the constraints of delegated powers given to schools. They shall seek expert advice on these matters when considered appropriate.

FR28.2 The Section 151 Officer is responsible for the Council's treasury management activities in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities and the

Prudential Code. They shall propose an annual Treasury Management Strategy Statement to the Audit and Governance Committee.

FR28.3 The Section 151 Officer will ensure that the provisions of the strategic and operational monitoring of all Treasury Management activity is undertaken and report this to the Audit and Governance committee on a six-monthly basis.

FR28.4 Effective scrutiny of the Treasury Management Strategy will be undertaken by the Overview and Scrutiny Committee, as part of the overall scrutiny of the budget. The Section 151 Officer will submit a mid-year review and an annual outturn report on treasury management to the Audit and Governance Committee.

FR28.5 The Council, as corporate trustee for a limited number of Trust Funds and Charities through its members and officers, will ensure that the Council administers them in accordance with its legal responsibilities as a trustee, distinct and separate from its functions as a local authority. The council when undertaking the aforementioned duties will also comply with the CIPFA Code of Practice in Treasury Management and any relevant Charity Commission guidance, to ensure provisions are appropriately implemented.

DRAFT

Glossary

Acronym	Meaning
ABO	Accountable Budget Officer
CLT	Corporate Leadership Team
DLT	Directorate Leadership Team
FSMT	Finance Senior Management Team
ICB	Integrated Care Board
MLRO	Money Laundering Reporting Officer
MTFS	Medium-Term Financial Strategy
S151	Section 151 Officer

Term	Definition
Accountable Budget Officer (ABO)	A senior officer with overall accountability for a group of budgets, responsible for planning, managing resources, delivering service priorities, and remaining within the approved budget envelope.
Annual Revenue Budget	The approved expenditure and income plan for a financial year.
Assets	Property, land, buildings, vehicles, equipment, IT hardware, stocks, stores, and other resources owned or controlled by the Council.
Audit and Governance Committee	Committee responsible for oversight of governance, audit, risk management, treasury management reporting, and approval of the Statement of Accounts.
Bad Debt	Income due to the Council that is considered unlikely to be recovered and may be written off following approval procedures.
Bad Debt Provision	A financial allowance set aside to cover anticipated losses from unrecoverable debts.
Budget Envelope	The total approved funding available for a service, directorate, or activity.
Budget Manager	Officer with day-to-day responsibility for managing specific budgets and ensuring effective use of resources.
Capital Expenditure	Expenditure on assets, infrastructure, property, investments, or projects providing benefits over more than one financial year.
Capital Programme	Approved portfolio of capital projects and schemes funded by the Council.
Capital Programme Panel	Officer group responsible for reviewing and approving specified capital investments and variations within delegated limits.
Capital Strategy	Long-term plan for capital investment, asset management, and capital financing.
Chief Internal Auditor	Officer responsible for leading internal audit activity and investigations into financial irregularities.
CIPFA	Chartered Institute of Public Finance and Accountancy. Sets professional codes and guidance for local government finance, treasury management, and accounting.
CLT (Corporate Leadership Team)	Senior officer leadership group receiving financial monitoring and performance reports.
Commercial Rate Card	Corporate schedule used to calculate the cost of officer time and overheads when determining service charges.
Debt Write-Off	Formal process of removing an unrecoverable debt from the accounts after appropriate approval.

Directorate Leadership Team (DLT)	Directorate-level management team responsible for overseeing service and budget performance.
Fees and Charges	Amounts levied by the Council for services provided, whether statutory or discretionary.
Financial Irregularity	Any actual or suspected fraud, corruption, misappropriation, or misuse of Council resources.
Financial Monitoring	Ongoing review of expenditure, income, forecasts, savings, and budget variances.
Full Council	Body of all elected members responsible for approving the policy framework, budget, and key financial strategies.
Integrated Care Board (ICB)	NHS organisation referenced in relation to debt management and bad debt provisions.
Inter Authority Agreement	A formal legal contract between two or more public bodies or local government councils. It sets out how they will work together, share resources, or run joint service.
Internal Audit	Independent assurance function reviewing governance, risk management, and internal controls.
Investment Strategy	Strategy governing the Council's investments and associated risks and returns.
Medium-Term Financial Strategy (MTFS)	Multi-year plan showing how the Council will balance resources, spending, and priorities over future years.
Monitoring Officer	Statutory officer responsible for governance, legality, and constitutional compliance.
Procurement Standing Orders (PSOs)	Rules governing procurement, purchasing, tendering, and contract management activities.
Reserves	Funds set aside for future expenditure, risks, contingencies, or specific purposes.
Section 151 Officer	Statutory Chief Finance Officer responsible for the proper administration of the Council's financial affairs under the Local Government Act 1972.
Strategic Capital Group	Officer group responsible for assessing and approving lower-value capital projects and variations.
Strategic Investment Board	Governance body overseeing significant investments and subsidiary-related decisions.
Statement of Accounts	Annual statutory financial statements presenting the Council's financial position and performance.
Treasury Management	Management of the Council's cash flows, investments, borrowing, and financial risks.
Treasury Management Strategy	Annual strategy governing borrowing, investing, and treasury risk management activities.
Virement	Approved transfer of budget provision from one budget heading to another.

West Surrey Shadow Authority		
Report title: Proposed Licensing Arrangements for Vesting Day		
Report to: Constitution Working Group		
Date: 29 October 2026		
Executive Portfolio Holder: Cllr. Victoria Kiehl		
Contact Email: Victoria.Kiehl@westsurrey.gov.uk		
Report of Susan Sale, Monitoring Officer (interim), susan.sale@westsurrey.gov.uk		
Report author(s): Deborah Davies, Deputy Monitoring Officer (interim) Deborah.davies@westsurrey.gov.uk		
Wards affected: ALL		
Ward councillors informed: No		
Exempt from publication: No		
Key Decision: No	If a Key Decision, date registered on Forward Plan: n/a	
Report cleared for publication by:		
People Workstream	N/A	N/A
Equalities Impact Assessment complete	N/A	N/A
Senior Responsible Officer (or their delegate)	N/A	N/A
S151 Officer	Susan Sale on behalf of Vicky Radford	21 October 2026
Monitoring Officer	Susan Sale	21 October 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl	21 October 2026
Committee Chair consultation	Cllr Joanne Shaw Cllr Richard Wilson	21 October 2026
Head of Paid Service	Susan Sale on behalf of Andy Brown	21 October 2026

1. Executive Summary

- 1.1. This report presents and invites comment on the proposed governance arrangements for the discharge of the licensing and registration functions of West Surrey Council from Vesting Day on 1 April 2027.
- 1.2. From Vesting Day, West Surrey Council will assume responsibility for the licensing and registration functions currently exercised by the West Surrey predecessor councils. Appropriate constitutional arrangements are therefore required to ensure that these functions can be exercised by Full Council, the Licensing Committee, Licensing Sub-Committees and officers, as appropriate.
- 1.3. The current West Surrey Shadow Authority does not have a Licensing Committee as it does not have responsibility for the delivery of licensing services during the Shadow period. The current Constitution expressly provides that responsibility for service delivery remains with Surrey County Council and the predecessor councils until Vesting Day.
- 1.4. In developing the proposed arrangements, a review has been undertaken of the licensing functions and committee arrangements of Guildford Borough Council, Waverley Borough Council, Woking Borough Council, Spelthorne Borough Council, Runnymede Borough Council and Surrey Heath Borough Council. Consideration has also been given to relevant functions currently exercised by Surrey County Council which will transfer to West Surrey Council, together with the arrangements of other unitary authorities.
- 1.5. It is proposed that West Surrey Council establishes a Licensing Committee comprising 15 councillors, supported by two three-Member Licensing Sub-Committees to determine individual licensing matters where Member determination is required. Routine and operational licensing functions should be delegated to officers through the Scheme of Delegation to Officers.
- 1.6. A Members' Licensing Code is also proposed to provide guidance to Members on their role in licensing matters and the standards expected when participating in licensing decisions.
- 1.7. The Constitution Working Group is invited to consider the proposed arrangements and provide comments and feedback before they are considered by the Standards Committee.

2. Recommendations:

- 2.1. **It is recommended that the Constitution Working Group:**
 - 2.1.1. **considers the proposed Terms of Reference for the Licensing Committee and Licensing Sub-Committee and Regulatory Sub-Committee attached at Appendix 1;**

- 2.1.2. **notes the proposed amendments to Part 3-A – Responsibility for Functions attached at Appendix 2;**
- 2.1.3. **considers the proposed Members’ Licensing Code attached at Appendix 3;**
- 2.1.4. **provides comments and feedback on the proposed licensing governance arrangements; and**
- 2.1.5. **recommends Appendices 1 to 3, subject to any suggested amendments, to the Standards Committee for their approval.**

3. Reason(s) for recommendation:

- 3.1. West Surrey Council will be responsible for the discharge of licensing and registration functions from Vesting Day on 1 April 2027. Appropriate constitutional arrangements need to be in place to ensure that responsibility for these functions and their delegation is clear and that individual licensing matters can be determined lawfully and effectively from Vesting Day.
- 3.2. Consideration by the Constitution Working Group will enable Member comments and feedback to inform the final arrangements before they progress through the formal approval process.

4. Next steps

- 4.1. Comments and feedback received from the Constitution Working Group will be considered and any required amendments made to the proposed documents prior to submission to the Standards Committee.
- 4.2. The proposed documents will be presented to the Standards Committee for approval and recommendation to the Shadow Authority, as part of the Constitution for West Surrey Council.
- 4.3. Subject to the recommendation of the Standards Committee, the proposed arrangements will be presented to the Shadow Authority for adoption as part of the West Surrey Council Constitution, which will take effect from Vesting Day on 1 April 2027.

5. Exemption from publication

- 5.1. None of this report is exempt from publication.

6. Background and Proposal

- 6.1. **Context**

- 6.1.1. Part 3 of the Constitution sets out responsibility for functions and the Terms of Reference of the Council's committees. The current Part 3 was prepared for the West Surrey Shadow Authority and reflects the functions and committee arrangements required during the Shadow Period.
- 6.1.2. The Shadow Authority does not have responsibility for the delivery of licensing services. From 1 April 2027, West Surrey Council will become responsible for the full range of licensing and registration functions of a unitary authority. Part 3 therefore needs to be updated to provide appropriate arrangements for the discharge of these functions.
- 6.1.3. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) identify a range of licensing and registration functions which are not to be the responsibility of an Authority's Executive. There are also specific requirements governing the discharge of functions under the Licensing Act 2003 and Gambling Act 2005.
- 6.1.4. The proposed arrangements have been developed to provide a clear allocation of responsibility between Full Council, the Licensing Committee, Licensing Sub-Committees and officers while retaining sufficient flexibility for the effective administration of licensing services.
- 6.2. **Review of predecessor and comparator arrangements**
 - 6.2.1. As part of the development of the proposed arrangements, the licensing functions and committee arrangements of the six West Surrey borough & district predecessor councils have been reviewed.
 - 6.2.2. The review identified a common group of licensing and registration functions currently exercised across the predecessor councils. These include functions under the Licensing Act 2003 and Gambling Act 2005, hackney carriage and private hire licensing, street trading, sex establishments, scrap metal dealers, animal licensing, charitable collections, caravan and site licensing and other licensing and registration functions.
 - 6.2.3. The predecessor councils do not all use the same committee structure. Some place a broad range of functions with a Licensing Committee, while others use separate licensing and regulatory arrangements or different sub-committees for different types of licensing determination. The proposed West Surrey arrangements have therefore been developed by considering the functions which need to be discharged rather than replicating the committee structure of any individual predecessor council.
 - 6.2.4. Consideration has also been given to the arrangements of other local authorities, including authorities operating unitary licensing services. This supports the use of a sufficiently large parent Licensing Committee from which smaller panels can be drawn to determine individual cases. Cheshire East, for example, currently operates a 15-Member Licensing Committee and an ad hoc three-Member Licensing Sub-Committee and Somerset Council operates a Licensing Committee with a separate Licensing Sub-Committee and Regulatory Sub-Committee. We have had regard to the amount of work

carried out by the predecessor councils and there were at least 28 licensing hearings last year, therefore we are recommending that there are two distinct sub-committees.

- 6.2.5. Relevant regulatory functions currently exercised by Surrey County Council are also being considered as part of the wider review of responsibility for functions. Those functions will be allocated to the appropriate committee or officer within the wider Part 3 arrangements rather than being included within the Licensing Committee solely because they are regulatory in nature. Those which currently go to a committee are in respect of commons registration matters.

6.3. Proposed Licensing Committee and Sub-Committees

- 6.3.1. Appendix 1 set out the proposed terms of reference for the Licensing Committee and Licensing Sub-committee and Regulatory Sub-committee. It is proposed that the Committee comprises 15 councillors, to provide a sufficient pool of trained Members from which Licensing Sub-Committees can be drawn. The Committee will reflect the political composition of the Council.
- 6.3.2. The Committee will be responsible for the Council's licensing and registration functions which are not reserved to Full Council, allocated to another committee or delegated to an officer. The proposed Terms of Reference identify the principal licensing regimes for which the Committee will be responsible while also providing for other licensing and registration functions allocated to it by law or under the Constitution.
- 6.3.3. The Committee will have responsibility for relevant licensing policies, conditions, standards, fees and charges where these matters are not reserved to Full Council or delegated to officers. Where legislation requires a matter to be determined by Full Council, the Committee will make recommendations to Full Council as appropriate.
- 6.3.4. It is proposed that individual licensing matters requiring Member determination are considered by a Sub-Committee comprising three Members drawn from the Licensing Committee, constituted as required from the wider pool of trained Licensing Committee Members. This provides flexibility to arrange hearings while retaining a consistent pool of Members with appropriate licensing knowledge and training.
- 6.3.5. The Licensing Sub-Committee will determine matters under the Licensing Act 2003 and Gambling Act 2005 which require Member determination and contested, referred or disciplinary matters arising under the Council's other licensing regimes where these have not been delegated to officers. The Regulatory Sub-Committee will consider taxi licensing and other licensing matters.
- 6.3.6. Two Sub-Committees are suggested as they have different statutory frameworks governing the functions. This would help to ensure each sub-committee adopts the correct decision making procedures. The nature of the

evidence, the legal tests and considerations appropriate to the decisions given the nature of the licensing are different.

- 6.3.7. Separate sub-committees would also allow for training to be tailored to the responsibilities of the sub-committees, whilst providing flexibility if members are appropriately trained and able to sit on both.
- 6.3.8. The application of political balance requirements to Licensing Sub-Committees will be dealt with in accordance with the relevant statutory provisions and any resolution of the Council. The political balance requirements do not apply to Licensing Sub-Committees to determine matters under S9 Licensing Act or the Gambling act 2005. Where sub-committees exercise other regulatory licensing functions e.g. taxi licensing, the political balance requirements will depend on the particular function being exercised. The LGA guidance confirms that Licensing Act sub-committees do not need to be politically balanced.
- 6.3.9. It is recommended that routine administrative and operational licensing functions will be delegated to officers through the Scheme of Delegation to Officers at Part 3-C1. The detailed officer delegations will be considered as part of the wider review of Part 3 – Scheme of Officer Delegation. However some areas cannot be delegated, such as i.e. contested licensing applications and reviews.
- 6.3.10. Recent case law (Walk Safe Security v LB Lewisham 2024) has provided that local authorities can conduct their hearings remotely. This has benefits for both members and participants, and the Licensing Committee will be asked to consider whether they wish to adopt this approach, on the formation of the Committee unless this is a matter which the Standards Committee wish to consider at this stage.

6.4. Member training

- 6.4.1. As licensing decisions can directly affect the rights and interests of applicants, licence holders, residents, businesses and other parties. Members determining individual licensing matters must therefore understand the relevant statutory framework, the Council's policies and the requirements of fair decision-making.
- 6.4.2. It is proposed that Members must undertake relevant mandatory licensing training before participating in the business of the Licensing Committee or determining an individual matter as a member of a Licensing Sub-Committee. Refresher or additional training may also be required to ensure that Members' knowledge remains up to date.

6.5. Members' Licensing Code

- 6.5.1. Appendix 3 sets out a proposed Members' Licensing Code to be included in the Constitution to provide guidance to Members on their role in the licensing process and the standards expected when participating in licensing decisions.
- 6.5.2. The proposed Code addresses the relationship between a Member's representative role and their role as a decision-maker, together with interests, bias and predetermination, lobbying, contact with parties, site visits, conduct at hearings, enforcement, appeals and training.
- 6.5.3. The Code will apply alongside the Members' Code of Conduct, the Terms of Reference of the Licensing Committee and Licensing Sub-Committee, relevant licensing policies and the procedures applying to individual hearings. It is not intended to duplicate detailed hearing procedures or statutory guidance.
- 6.5.4. The proposed Code has been informed by the approach taken by other local authorities who uses the Members' Licensing Code to support proper, consistent and open licensing decision-making and to provide guidance on approaches to Members, interests, bias, lobbying and related matters.
- 6.5.5. The proposed Code has also had regard to the guidance produced by the Local Government Association.

6.6. Amendments to Part 3-A – Responsibility for Functions

- 6.6.1. The establishment of the Licensing Committee requires consequential amendments to Part 3-A – Functions. The current Part 3-A provides a summary of the Council's non-Executive committees, their principal functions and the arrangements for delegation, with the detailed responsibilities contained within the relevant Terms of Reference.
- 6.6.2. It is proposed that the summary table is amended to include the Licensing Committee with responsibility for functions relating to licensing and registration, as set out in Appendix 2 of this report. The delegation column will identify that functions may be delegated to officers through Part 3-C1 and to a Licensing Sub-Committee in accordance with its Terms of Reference.
- 6.6.3. The more detailed Responsibility for Functions table will also be amended to identify the Licensing Committee as the responsible body for licensing and registration functions which are not reserved to Full Council or otherwise allocated under the Constitution.
- 6.6.4. This approach ensures that the Articles provide the main constitutional framework for the Council whilst the detailed responsibilities, procedures and rules remain within the relevant Parts of the Constitution.
- 6.6.5. Members should be aware that numbering will change as the new Constitution is developed.

Options for Sub-Committees

6.6.5 There are options as to how the Committee and sub-committees could operate across West Surrey, as follows:-

- (a) Centralised – One Licensing Committee and a centrally managed pool of hearing panels
- (b) Area based hearings – One Licensing Committee and panels by area (either legacy district or larger areas)
- (c) Hybrid – One Licensing Committee and flexibility using local members and venues if necessary

6.6.6 As set out above, there is also an option for remote hearings to be conducted.

7. Consultation

- 7.1. The proposed arrangements have been developed as part of the wider review of the West Surrey Constitution in preparation for Vesting Day.
- 7.2. The development of the Constitution is not considered something that should be subject to public consultation.
- 7.3. Consultation has been undertaken with the Monitoring Officer and relevant legal and licensing officers will be consulted as part of the development of the final provisions. However there is currently no licensing workstream.
- 7.4. The Executive have been consulted informally and are of the view that the sub-committees should operate on an area basis, where possible, albeit that this might be over a wider geography than predecessor district and borough boundaries.
- 7.5. The Constitution Working Group is now being asked to consider the proposed arrangements and provide comments and feedback to support the Standards Committee.

8. Key Risks

- 8.1. The principal risk is that appropriate arrangements for the discharge of licensing and registration functions are not in place for Vesting Day. This could result in uncertainty as to which body or officer has authority to exercise a licensing function and could affect the Council's ability to determine applications and other licensing matters from 1 April 2027.
- 8.2. There is also a risk of legal challenge where an individual licensing decision is not taken by the appropriate decision-maker or where the decision-making process is not fair and consistent with the relevant statutory requirements.

- 8.3. These risks can be mitigated by agreeing clear Terms of Reference, delegations and Member guidance and ensuring that Members undertaking licensing functions have received appropriate training before Vesting Day.
- 8.4. West Surrey Council will inherit the licensing functions of the predecessor councils, including those licence applications which are in the course of being processed before vesting day, and those which exist with their licence terms and conditions. Therefore there will be a significant volume of work for the Committee from vesting day, and members will need to be trained and in a position to deal with licensing matters, and there will need to be appropriate legal and other professional advice in place.

9. Options

- 9.1. To consider and provide comments on consider the proposed arrangements and provide comments and feedback so that the documents can be finalised and presented to the Standards Committee.
- 9.2. Not to consider the arrangements (not recommended as comments and feedback are required for the development of appropriate constitutional arrangements for the discharge of its licensing and registration functions from Vesting Day).

10. Issues for Consideration

10.1. Financial Implications

- 10.1.1. There are no direct financial implications arising from the proposed constitutional arrangements. The establishment and operation of the Licensing Committee and Licensing Sub-Committees will form part of the Council's wider democratic and licensing arrangements from Vesting Day.

10.2. Section 151 Officer Commentary

- 10.2.1. No additional comments.

10.3. Legal Implications

- 10.3.1. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) identify functions which are not to be the responsibility of an authority's Executive, including a range of licensing and registration functions.
- 10.3.2. The Licensing Act 2003 and Gambling Act 2005 contain specific provisions governing responsibility for licensing functions and the arrangements for their discharge. Other licensing regimes also contain statutory provisions which will need to be reflected in the allocation and delegation of individual functions.

- 10.3.3. West Surrey Council must have appropriate arrangements in place from Vesting Day for the lawful exercise and delegation of the licensing and registration functions transferring to the Council.
- 10.3.4. The proposed Terms of Reference will need to be read alongside Part 3-A – Functions and the Scheme of Delegation to Officers at Part 3-C1 to ensure that responsibility for licensing functions is clear and that the Constitution is internally consistent.

10.4. Monitoring Officer Commentary

- 10.4.1 Licensing is a function which is reserved to the Council and it is likely that there will be a substantial amount of work required by this Committee. Although the Committee can have 10-15 members, it is likely that the full amount of members will be needed to ensure that the Council is able to service any necessary sub-committees.
- 10.4.2 Both the Regulatory and Licensing Sub-Committee can sit on a geographical location basis for the purposes of hearings, but as sub-committees of the Licensing Committee their functions cannot be delegated to area based committees.

10.5. People/Human Resources Implications

- 10.5.1. There are no direct People or Human Resources implications arising from this report.

10.6. Equality and Diversity Implications

- 10.6.1. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.6.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 10.6.3. This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report

10.7. Climate Change and Sustainability Implications

- 10.7.1. There are no climate change and sustainability impacts arising directly from this report.

10.8. Stakeholders Implications

- 10.8.1 The proposed arrangements concern the Council's governance of licensing and registration functions. The way in which these functions are exercised affects applicants, licence holders, residents, businesses, responsible authorities and other stakeholders across West Surrey.

11. Overview & Scrutiny Comments

- 11.1 Not applicable

12. List of Appendices

- 12.1. Appendix 1 – Terms of Reference of the Licensing Committee and Licensing Sub-Committee.
- 12.2. Appendix 2 – Amendments to Part 3-A – Responsibility for Functions.
- 12.3. Appendix 3 – Members' Licensing Code.

13. List of Background papers

- 13.1. The West Surrey Shadow Authority Constitution
- 13.2. Constitutions of the West Surrey predecessor Councils.

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LICENSING AND REGULATORY COMMITTEE – DRAFT TERMS OF REFERENCE

1. Purpose of the Committee

- 1.1 To exercise the Council's responsibilities and functions relating to licensing, registration and other miscellaneous functions as set out in Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended ("2000 Regulations") together with other functions as are allocated to this Committee by legislation or the Constitution.

2. Functions & Responsibilities

- 2.1 The Committee shall discharge the functions of the licensing authority under the Licensing Act 2003 and the Gambling Act 2005 except for those functions which are reserved by legislation to the Council or otherwise required to be discharged by another decision maker.
- 2.2 The Committee's responsibilities shall include, where permitted by law:-
- (a) The grant renewal refusal variation suspension and revocation of licenses, permits consents registrations and other authorisations.
 - (b) The imposition or amendment, modification or variation of any term, condition, limitation, or restriction.
 - (c) The determination of licensing and regulatory enforcement matters within its remit
 - (d) The decision to revoke, vary or modify any approval, consent, licence, permission, or registration.
 - (e) The consideration of objections, representations, reviews and appeals where the Council is the determining authority
 - (f) To determine and set the fees and charges in respect of any approval, consent, licence, permissions, or registration including consideration of any representations thereon or objections where this is not reserved to another decision maker.
- 1.2 To exercise the Council's functions under the Gambling Act 2005 as amended but not covered by the 2000 Regulations including those functions under Part 8 of the Gambling Act 2005 except the adoption of the Section 349 Gambling Act 2005 - Statement of Principles (adoption by full Council) and the passing of a resolution under Section 166 of the Gambling Act 2005 - resolution not to issue a casino premises licence (resolution by full Council - S154 (2)(a) of the Gambling Act 2005) having first sought the views of the Executive.
- 1.3 To exercise the Council's licensing and registration functions under the Local Government (Miscellaneous Provisions) Act 1982, as amended.

- 1.4 To set all non-statutory/discretionary fees and standard conditions and the licensing of premises for skin piercing and associated practices including acupuncture, tattooing, semi-permanent skin colouring, cosmetic piercing and electrolysis.
- 1.5 To exercise the Council's licensing and registration functions under the Caravan Site Act 1968 and Mobile Homes Act 2013 and related legislation including the setting of fees.
- 1.6 To develop, review and adopt statutory and relevant discretionary Policies in relation to the functions undertaken by this Committee. With the exception of the Licensing and Gambling Policies which require Full Council approval.
- 1.7 To consider any matter referred to the Committee by the Council, another Committee, or the Executive which relates to functions for which the Committee is responsible.
- 1.8 To establish a standing Sub-Committee to be known as the Regulatory Sub-Committee to consider and determine any applications and/or matters that by law or in accordance with the Council's adopted Policies or this Constitution require a hearing to be conducted.
- 1.9 To establish a standing Sub-Committee to be known as the Licensing Sub-Committee to consider and determine any applications and/or matters that by law or in accordance with the Council's adopted Licensing Policy and Gambling Statement of Principles or this Constitution require a hearing to be conducted.
- 1.10 All functions are delegated to the Licensing and Regulatory Committee other than any matter delegated to a named Officer in the Scheme of Delegation for Officers in connection with licensing functions.

2. Committee and Structure

- 2.1 The Licensing and Regulatory Committee will comprise 15 members and 10 reserve members in political balance.
- 2.2 Reserve members attending committee as a substitute must be from the same political group as the member giving the apology. If no substitute is available, no substitution will be made for that member.
- 2.3 The Chair and Vice-Chair of the Licensing and Regulatory Committee will be appointed by Full Council at the Annual Council each year.
- 2.4 In the event of a vacancy in the position of Chair or Vice-Chair occurring during the year, the Committee may elect a replacement from nominations put forward by the Group Leaders.
- 2.5 The Licensing and Regulatory Committee will normally meet four times a year.
- 2.6 The quorum of the Licensing and Regulatory Committee will be 5 members.

- 2.7 Before any councillor who is a member of the Licensing and Regulatory Committee can attend a meeting and participate in the determination of an application or appeal by any individual or body, that councillor must have attended a suitable training course.
- 2.8 All members and substitute members of the Licensing and Regulatory Committee must:
- (a) have undertaken mandatory training in the relevant law and procedures which relate to the Committee's work; and
 - (b) undertake further mandatory training when there are changes to procedure or relevant legislation, or as otherwise directed by the Monitoring Officer.
- 2.9 Meetings of the Licensing & Regulatory Committee will proceed in accordance with the Council and Committee Procedure Rules.

Licensing Sub-Committee

Draft Terms of Reference

Purpose

1. The Licensing Committee shall establish Licensing Sub-Committees as required for the purpose of determining individual licensing matters.
2. A Licensing Sub-Committee may conduct hearings and determine applications, variations, reviews and other matters under the Licensing Act 2003 and Gambling Act 2005 which require Member determination or in circumstances where the appropriate officer is unable to make a decision under the Officer Scheme of Delegation or considers it appropriate to refer the decision to the Licensing Committee.
3. A Licensing Sub-Committee may exercise any other licensing function delegated to it by the Licensing Committee where permitted by law.

Membership

4. A Licensing Sub-Committee consists of three councillors drawn from the membership of the Licensing Committee.
5. The Members appointed to a Licensing Sub-Committee shall appoint the Chair of the Sub-Committee from among their membership.
6. The quorum for a Licensing Sub-Committee is three councillors.
7. All three Members appointed to a Licensing Sub-Committee must be present throughout the hearing and determination of the matter.
8. No Member may sit on a Licensing Sub-Committee unless they have undertaken the relevant mandatory licensing training.

Regulatory Sub-Committee

Purpose

1. The Licensing Committee shall establish Regulatory Sub-Committees as required for the purpose of determining individual licensing matters.
2. A Regulatory Sub-Committee may conduct hearings and make determinations under or in respect of the following legislation and functions as required by law or in circumstances where the appropriate designated officer is unable to make a decision under the Scheme of Delegation for Officers or considers it appropriate to refer the decision to the Regulatory Sub-Committee, including:
 - a. licensing of Hackney Carriage Private Hire Drivers, Vehicles, Operators and related enforcement
 - b. classification of films
 - c. licensing of sex establishments and venues
 - d. registration/licensing of premises and individuals for skin piercing and associated practices including acupuncture, tattooing, semi-permanent skin colouring, cosmetic piercing and electrolysis
 - e. licensing of caravan sites and camp sites
 - f. licensing/ consent for Street Trading and
such other matters as the Sub-Committee may be required by law either by means of policy or by law adoption or statutory guidance in connection with the discharge of any of the matters referred to in these Terms of Reference
3. A Regulatory Sub-Committee may exercise any other Regulatory function delegated to it by the Licensing Committee where permitted by law.

Membership

4. A Regulatory Sub-Committee consists of three councillors drawn from the membership of the Licensing Committee.
5. The Members appointed to a Regulatory Sub-Committee shall appoint the Chair of the Sub-Committee from among their membership.
6. The quorum for a Regulatory Sub-Committee is three councillors.
7. All three Members appointed to a Regulatory Sub-Committee must be present throughout the hearing and determination of the matter.
8. No Member may sit on a Regulatory Sub-Committee unless they have undertaken the relevant mandatory licensing training.

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4.0 Non-Executive Functions Not Reserved to the Council

The following row will be added to the table of non-Executive functions

Committee	Functions	Delegations
Licensing Committee	Functions relating to licensing and registration.	Authority to undertake some of these functions may be delegated to officers in accordance with the Scheme of Delegation to Officers as set out in Part 3-C1 of this Constitution and to a Licensing Sub-Committee in accordance with its terms of reference as set out in Part 3-B of the Constitution.

11.0 Responsibility for Functions

The following row will be added to Responsibilities for Functions

Function	Responsible Body	Delegation
Exercise the Council's licensing and registration functions which are not reserved to Full Council or otherwise allocated under this Constitution.	Licensing Committee	Licensing Sub-Committee and/or officers in accordance with Part 3-B and Part 3-C1 of the Constitution.

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PART 5 : MEMBERS' LICENSING CODE

1.0 *Introduction*

- 1.1 This Code provides guidance to Members on their role in the discharge of the Council's licensing and registration functions. It is intended to support fair, open and consistent decision-making and to ensure that licensing decisions are taken on proper grounds and in accordance with relevant legislation, Council policies and the principles of natural justice.
- 1.2 The Code applies to Members involved in the Council's licensing and registration functions, including Members of the Licensing Committee and Licensing and Regulatory Sub-Committees.
- 1.3 This Code should be read alongside the Members' Code of Conduct, the Terms of Reference of the Licensing Committee and Licensing and Regulatory Sub-Committees, relevant licensing policies and any procedures applying to licensing hearings.
- 1.4 A Member who is unsure how this Code applies to a particular matter should seek advice from the Monitoring Officer or their representative at the earliest opportunity.

2

2.0 *The role of Members in licensing decisions*

- 2.1 Licensing decisions can involve balancing competing interests and making a judgement based on the evidence presented. Members determining an individual licensing matter must act fairly and impartially, approach the matter with an open mind and consider each matter on its individual merits.
- 2.2 Members must take account of all relevant information and evidence properly presented to them and disregard matters which are not relevant to the decision. They must have regard to the relevant legislation, statutory guidance, Council policies and licensing objectives, where applicable, and give reasons for their decision.
- 2.3 Members must not allow political considerations, lobbying, personal views or other irrelevant considerations to influence the determination of an individual licensing matter. They must not favour, or appear to favour, an applicant, licence holder, responsible authority, person making a representation, business, group or locality.
- 2.4 The role of a Member determining an individual licensing matter is different from their wider representative role as a councillor. Members must ensure that these roles are kept separate where necessary to protect the fairness of the decision-making process.

3

3.0 Interests and conflicts of interest

- 3.1 Members must comply with the Members' Code of Conduct and the Council's requirements relating to the registration and declaration of interests. A Member should identify any potential interest or conflict at the earliest opportunity and seek advice where they are unsure whether they may participate.
- 3.2 A Member must not participate in the determination of a licensing matter where they have a disclosable pecuniary interest or where participation is otherwise prohibited by the Members' Code of Conduct.
- 3.3 Compliance with the Members' Code of Conduct does not remove the separate requirement to consider actual or apparent bias. A personal, business or financial connection with a party, connection with the premises or business concerned, significant involvement with an organisation or campaign concerned with the matter, or previous involvement in the matter may mean that it is inappropriate for the Member to participate.
- 3.4 Where a Member considers that their involvement could give rise to actual or apparent bias, they should not participate in the determination and should seek advice from the Monitoring Officer or their representative where necessary.

4

4.0 Predisposition, predetermination and bias

- 4.1 Members determining a licensing matter must approach the matter with an open mind and must not have predetermined the outcome. A Member may have a preliminary view but must remain willing to consider all relevant information and evidence presented before reaching a decision.
- 4.2 A Member must not participate where they have committed themselves to a particular outcome or where their conduct would give rise to a reasonable perception that they are unable to consider the matter fairly and impartially.
- 4.3 Particular care should be taken when making public statements or comments on social media, signing or promoting a petition, participating in a campaign or otherwise expressing a view about a licensing matter which may subsequently come before the Member for determination.
- 4.4 A Member who considers that something they have said or done may give rise to an appearance of predetermination or bias should seek advice before participating in the determination.

4.5 Ward Members and the representative role

- 4.6 Members have an important role in representing their residents and

communities. Nothing in this Code prevents a Member from assisting a constituent in relation to a licensing matter or, where the relevant licensing regime permits, making or supporting a representation.

- 4.7 A Member may advise constituents on how to engage with the licensing process and may represent the views of residents or businesses. Where a Member has actively advocated for or against an application or other licensing matter, however, they must not subsequently participate as a Member of any Licensing or Regulatory Sub-Committee determining that matter.
- 4.8 A Member who wishes to retain the ability to participate in the determination of a matter should avoid expressing a concluded view or becoming involved in campaigning or advocacy concerning that matter.
- 4.9 A Member who is uncertain whether their previous involvement prevents them from participating should seek advice from the Monitoring Officer or their representative.

5

5.0 Lobbying and approaches to Members

- 5.1 Applicants, licence holders, residents, businesses, community groups or other persons may seek to approach Members about a licensing matter. A Member who may participate in determining that matter should avoid discussing its merits outside the formal decision-making process.
- 5.2 Where a Member receives information, correspondence or other material about a matter which may come before a Licensing Sub-Committee, they should avoid expressing a view on its merits and should advise the person, where appropriate, to make their representation through the formal licensing process. Relevant correspondence or information should be passed to the Licensing Service so that it can be dealt with appropriately.
- 5.3 Members should not seek or receive information about an individual licensing matter which is not available through the proper decision-making process. Any significant contact with a party concerning a matter to be determined should be disclosed to the appropriate officer.
- 5.4 Members must comply with the Members' Code of Conduct in relation to gifts and hospitality and must not accept any gift or hospitality which could reasonably be perceived as seeking to influence a licensing decision.

6

6.0 Contact with applicants and other parties

- 6.1 Once an application or other licensing matter has been submitted for determination, a Member who may sit on the Licensing Sub-Committee should

not normally enter into discussions about its merits with the applicant, licence holder, their representative, a responsible authority, a person who has made a representation or another person directly involved in the matter.

6.2 Where contact does occur, the Member should avoid expressing a view on the merits and should refer the person to the Licensing Service where appropriate. Any substantive discussion or information which may be relevant to the determination should be reported to the Licensing Service.

6.3 Members should not attend private meetings concerning the merits of a pending licensing matter where doing so could compromise, or reasonably appear to compromise, their ability to determine the matter impartially.

7

7.0 Applications involving the Council, Members or officers

7.1 An application made by or on behalf of the Council must be determined in the same fair and impartial manner as any other application. A Member who has been materially involved in promoting or developing a Council application must not participate in its determination where that involvement could give rise to actual or apparent bias.

7.2 Where a Member makes a licensing application to the Council, or acts as an agent or representative for another person in relation to a licensing matter, they must take no part in determining that matter.

7.3 Applications involving Members or officers must be handled transparently and without actual or perceived preferential treatment. The Monitoring Officer may advise on any additional arrangements required to ensure that a matter is determined fairly.

8

8.0 Site visits

8.1 A site visit should only take place where it is necessary to assist Members to understand matters relevant to the determination which cannot adequately be understood from the application, reports, plans, photographs or other information available to a Licensing or Regulatory Sub-Committee.

8.2 A site visit is an information-gathering exercise and must not be used as an opportunity to debate the merits of the application or receive representations. Members must not express a view on the merits of the matter during the visit.

8.3 Site visits will be arranged through officers and conducted in accordance with any procedure agreed by the Council. A Member should not undertake an individual site visit at the invitation of an applicant, licence holder, person making a representation or other interested party in relation to a matter which they may subsequently determine.

9

9.0 *Licensing and Regulatory Sub-Committee hearings*

- 9.1 Members of a Licensing or Regulatory Sub-Committee must determine the matter before them on the basis of the relevant information and evidence properly presented through the decision-making process.
- 9.2 Members must listen to the parties, ask questions where clarification is required and ensure that everyone participating in the hearing is treated fairly. Only matters relevant to the decision should be taken into account.
- 9.3 Members must not conduct their own investigation into a matter or rely upon information which has not been made available through the proper decision-making process.
- 9.4 The Chair is responsible for ensuring that the hearing is conducted fairly and in accordance with the relevant procedure. The Sub-Committee must reach its decision only after the hearing has concluded and all relevant information has been considered and must give clear reasons for its decision.

10

10.0 *Licensing enforcement*

- 10.1 Members may bring suspected breaches of licensing requirements to the attention of the relevant department, so that the matter can be considered in accordance with the Council's normal enforcement arrangements.
- 10.2 Members should not seek to direct the investigation of an individual case or require officers to take a particular enforcement action. Decisions which are delegated to officers must be taken in accordance with the relevant legislation, Council policies and officer delegations.

11

11.0 *Appeals and legal challenge*

- 11.1 Licensing decisions may be subject to a statutory right of appeal and may also be subject to legal challenge or complaint. Members must therefore ensure that decisions are taken fairly, on relevant grounds and in accordance with the applicable legislation and Council policies.
- 11.2 The reasons for a Sub-Committee's decision must be clearly recorded. Where a decision is appealed or challenged, Members should not comment publicly on the merits of the proceedings and should seek advice where necessary.

12

12.0 *Member training*

- 12.1 Members must undertake the mandatory licensing training required by the Terms of Reference of the Licensing Committee before participating in the business of the Committee or determining an individual licensing matter.

- 12.2 Members are expected to undertake refresher or additional training where required to ensure that their knowledge remains up to date. Training will cover the statutory and policy framework relevant to the Committee's work, the role and responsibilities of Members, interests and bias, fair decision-making and the conduct of licensing hearings.
- 12.3 Members should seek advice from the Monitoring Officer or their representative, or the relevant Service where they require guidance on a licensing matter.

West Surrey Shadow Authority		
Report title: Post Vesting Day Scrutiny Arrangements		
Report to: Constitution Working Group Standards Committee		
Date: Constitution Working Group - 29 October 2026 Standards Committee - 2 November 2026		
Executive Portfolio Holder: Cllr Victoria Kiehl		
Report of Statutory Officer: Susan Sale, Monitoring Officer (interim)		
Report author(s): Vicky Hibbert, Deputy Monitoring Officer (interim)		
Wards affected: All Ward councillors informed: No		
Exempt from publication: No		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	N/A	N/A
Equalities Impact Assessment complete	N/A	N/A
Implementation Team Leader (or their delegate)	N/A	N/A
S151 Officer	Susan Sale on behalf of Vicky Radford	21 October 2026
Monitoring Officer	Susan Sale	21 October 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl	21 October 2026
Committee Chair consultation	Cllr Joanne Shaw Cllr Richard Wilson	21 October 2026
Head of Paid Service	Susan Sale on behalf of Andy Brown	21 October 2026

1. Executive Summary

- 1.1** This report sets out the proposed overview and scrutiny arrangements for West Surrey to be implemented from 1 April 2027 when it assumes full responsibility for service delivery.
- 1.2** The Constitution Working Group, Standards Committee and Overview and Scrutiny Committee are asked to review and endorse the proposed scrutiny structure as set out in the report for inclusion in the post-vesting day Constitution for West Surrey Council.

2 Recommendations:

2.1 Notes that the Constitution Working Group resolved to:

- 2.1.1.** Endorse the proposed Overview and Scrutiny arrangements to be implemented from 1 April 2027 to include the establishment of an informal Scrutiny Chairs and Vice-Chairs Group alongside four themed formal Overview and Scrutiny Committees with the following remits: (1) Adults and Health, (2) Children and Education, (3) Growth, Place, Housing and Communities and (4) Finance and Resources.
- 2.1.2** Recommend to the Standards Committee the proposed Overview and Scrutiny structure, effective from Vesting Day, for recommendation to the West Surrey Shadow Authority for approval and inclusion in the post-vesting day West Surrey Council Constitution.

2.2 That the Standards Committee resolves to:

- 2.2.1** Recommend to the West Surrey Shadow Authority the approval and inclusion in the West Surrey Council constitution, of the Overview and Scrutiny Structure, with effect from 1 April 2027.
- 2.2.2** Subject to approval, authorise the Monitoring Officer to make the required changes to the Constitution as a result of the proposed structure being approved.

3 Reasons for recommendation:

- 3.1** It is a statutory requirement for a local authority with a 'strong leader model' of governance to have appropriate scrutiny arrangements in place and in line with this, West Surrey Shadow Authority currently has one

constituted Overview and Scrutiny Committee. This report sets out the proposed scrutiny arrangements for West Surrey Council from 1 April 2027.

- 3.2** Best practice guidance, legislative requirements and information on the scrutiny arrangements other authorities have in place where Local Government Reorganisation has taken place has been considered when developing these proposals and shared with members to help shape and influence their views.
- 3.3** Input into the future structure of the scrutiny function by members is vital to ensure that it has member buy in and engagement and that future scrutiny enables constructive feedback, member involvement in policy development and that work undertaken is outcome focussed.

4 Next steps

- 4.1** Following discussion and feedback by members of the Constitution Working Group, the proposals are being presented to the Standards Committee for their endorsement and onward recommendation onto the Shadow Authority for approval and implementation from 1 April 2027.
- 4.2** Further work will need to be undertaken post vesting day to put in place protocols setting out ways of working such as putting in place an Executive Scrutiny Protocol, the handling of reports from scrutiny committees to the Executive, the scrutiny of contracts and other areas of work. It is anticipated that this work is led by the proposed Informal Scrutiny Chairs and Vice-Chairs Group.

5 Exemption from publication

- 5.1** None of this report is exempt from publication.

6 Background:

Legislative requirements of a scrutiny function and best practice guidance

- 6.1** The Local Government Act 2000 introduced a requirement for Local Authorities to introduce overview and scrutiny committees as part of the introduction of executive governance arrangements. The aim was to ensure that non-executive members of an authority were able to hold the executive to account for decisions taken. It made statutory provision for overview and scrutiny committees to scrutinise decisions that the executive is planning to take and implement and those decisions that have already been taken and implemented.

6.2 In May 2019, the Government published [statutory guidance for councils](#), combined authorities and combined county authorities on Overview and Scrutiny. This has since been updated in April 2024 to reflect devolution and the Levelling Up and Regeneration Act 2023. Its purpose is to set out the policies, procedures and working practices that local authorities should adopt when deciding how to carry out their overview and scrutiny functions.

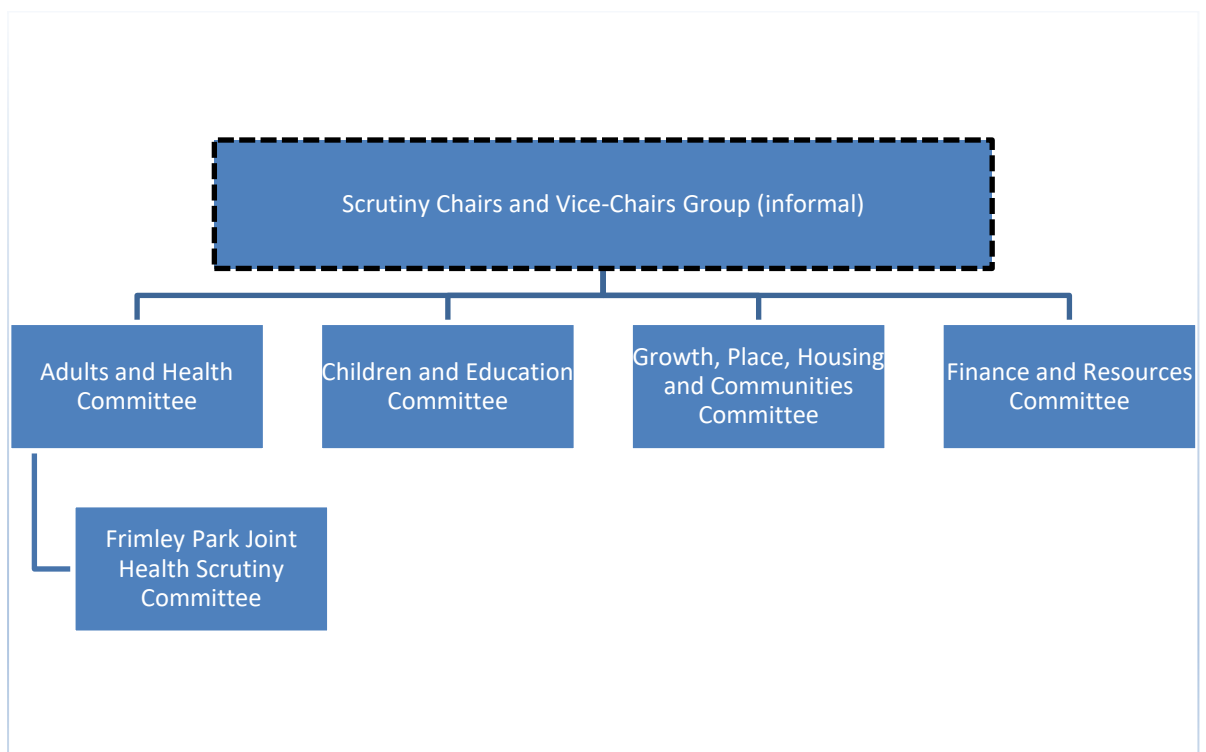
6.3 Overview and Scrutiny committees should undertake three specific roles:

- Scrutiny of decisions;
- Overview, policy review and development; and
- Performance management

Proposed Scrutiny Structure from Vesting Day:.

6.4 It is proposed that four thematic scrutiny committees are established for West Surrey Council and for these to be implemented from 1 April 2027.

6.5 The diagram below sets out the four proposed scrutiny committees:



6.6 This structure has been matched against the remits of the Executive Portfolio Holders' and the proposed senior officer structure and the table below sets out how they align:

Scrutiny Committee	Executive Portfolios within remit*	Senior Officers within remit**
Adults and Health	<ul style="list-style-type: none"> - Portfolio Holder for Adult Social Care and Health 	<ul style="list-style-type: none"> - Executive Director Adult Social Care & Health (DASS)
Children and Education	<ul style="list-style-type: none"> - Portfolio Holder for Children, Families and Education 	<ul style="list-style-type: none"> - Executive Director Children's and Education (DCS)
Growth, Place, Housing and Communities	<ul style="list-style-type: none"> - Portfolio Holder for Transport, Infrastructure and Regulatory Services - Portfolio Holder for Environment, Place and Economy - Portfolio Holder for Housing and Communities 	<ul style="list-style-type: none"> - Executive Director Sustainable Growth and Place - Executive Director Housing and Communities
Finance and Resources	<ul style="list-style-type: none"> - Portfolio Holder for Governance, Democracy and Corporate Services - Portfolio Holder for Finance - Portfolio Holder for Transformation, Digital and Customer Experience 	<ul style="list-style-type: none"> - Chief Operating Officer - Executive Director Finance and Assets (Section 151) - Executive Director Legal and Governance (Monitoring Officer)

**The Leader and Deputy Leader of the Council can be called to any scrutiny committee meeting.*

***Senior officers reporting into the Executive Directors also fall within that committee remit.*

A dedicated Finance and Resources committee:

- 6.7** Budget and financial scrutiny is extremely important for West Surrey so it is proposed that this is managed within a dedicated corporate resources and finance-focused scrutiny committee. This committee can take responsibility for scrutinising the Council's budget and all other 'back office' functions.
- 6.8** This approach is common in many authorities and allows a specific focus on finance and avoids any duplication with service specific committees taking on a role in budget scrutiny. Initial member feedback also supported the establishment of a separate finance committee.

Dedicated Adult Social Care and Health and Children and Education Committees:

- 6.9** Due to the size and scale of the Council, it is proposed that scrutiny of the social care, health and education remits are split into two dedicated committees to allow adequate and appropriate scrutiny to take place. This aligns to many other large authorities and allows a dedicated focus on these important areas. Members provided a clear steer that these areas should be separated out due to both the importance of the services provided and to ensure appropriate committee time can be dedicated to
- 6.10** Local authorities are required to ensure that there are appropriate arrangements in place to discharge health scrutiny functions under the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013, as amended, Regulation 21 legislation. The future proposals incorporate this requirement and includes joint health scrutiny arrangements for the Frimley Park Hospital Joint Health Overview and Scrutiny Committee.

Committee Sizes and Coopted Members

- 6.11** It is proposed that the membership of each scrutiny committee is 11 members and that the seats for each committee will be allocated in line with political proportionality.

6.12 It is also proposed that coopted members be appointed to the Children and Education Scrutiny Committee (with voting rights in relation to education matters only):

- i. 1 Church of England diocesan representative;
- ii. 1 Roman Catholic diocesan representative; and
- iii. A minimum of 2 parent governor representatives.

Establishment of an Informal Scrutiny Chairs and Vice-Chairs Group:

6.13 Effective coordination arrangements are an important component particularly where multiple thematic committees are operating. It is therefore proposed that an informal Scrutiny Committee Chairs and Vice-Chairs Group is established.

6.14 This group will comprise the chair and vice-chair of all four proposed scrutiny committees and the Chair of the Audit and Governance Committee and will set the direction for strategic scrutiny, have general oversight of the scrutiny forward work programmes (including any future task and finish groups) as well as provide a platform to share best practice, problem solve and develop future scrutiny protocols.

Frequency of meetings:

6.15 It is proposed that each of the four scrutiny committees meets formally three times within the inaugural council year however, where there is business need, additional meetings can be set up in line with the procedure rules within the West Surrey Council Constitution.

7 Consultation

7.1 Consultation has taken place with the Interim Statutory Officers and no objections have been raised.

7.2 Informal consultation has taken place with the Executive and Group Leaders and their views have been incorporated into the proposed structure set out in the report.

7.3 The final proposals have also been shared with members of the Shadow Overview and Scrutiny Committee to ensure that any additional feedback is incorporated.

8 Key Risks

- 8.1** Remit - A large unitary authority is accountable to its residents and has a duty to ensure that there are adequate checks and balances in place with regards to decision making. There is a risk that if the scrutiny structure is not expanded post-vesting day that not all service areas and functions can be adequately scrutinised.
- 8.2** Resourcing - Scrutiny needs to be resourced appropriately to enable it to be effective and to ensure that it is able to provide assurance and challenge. It is important that the organisation considers resourcing to support overview and scrutiny when looking at future structures to enable effective outcomes.

9 Options

- 9.1** Option 1: To consider the proposed post vesting day scrutiny proposals and recommend these to the Standards Committee and Shadow Authority for endorsement and approval. This is the **preferred option** to enable adequate scrutiny of council functions.
- 9.2** Option 2: To maintain one overview and scrutiny committee and look at revisions to the scrutiny function post vesting day. This is **not recommended**.

10 Issues for consideration

10.1 Financial Implications

- 10.1.1** Additional overview and scrutiny committees will result in resourcing pressures on the organisation to ensure that meetings and members of any scrutiny committees are adequately supported and have the necessary resources to fulfil their role.
- 10.1.2** Additional budget will be required in terms of member's allowances arising from having multiple chairs of overview and scrutiny committees.

10.2 Section 151 Officer Commentary

- 10.2.1** No additional comments

10.3 Legal Implications

- 10.3.1** Where a council has an executive form of governance in place, there is a statutory requirement for councils to have a separate overview and

scrutiny committee to enable oversight and ensure transparency and accountability of decision makers.

- 10.3.2 Local authorities have discretion to design and establish constitutional procedures governing the scrutiny function. The Standards Committee is responsible for advising the Shadow Authority on the development of the scrutiny function that will be incorporated into the Constitution for West Surrey Council and this report is in line with that requirement.

10.4 Monitoring Officer Commentary

- 10.4.1 No additional comments

10.5 People/Human Resources Implications

- 10.5.1 There are no relevant implications.

10.6 Equality and Diversity Implications

- 10.6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 10.6.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.
- 10.6.4 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

10.7 Climate Change and Sustainability Implications

- 10.7.1 The scrutiny arrangements for West Surrey Council will incorporate any climate change and sustainability issues into work programmes. This

will be picked up through the implementation of the arrangements once approved.

10.8 Stakeholders Implications

- 10.8.1 The future Overview and Scrutiny arrangements need to be accessible to residents, partners, other organisations that interact with the Council as well as members of the council.
- 10.8.2 There will need to be mechanisms in place to enable witnesses and organisations to engage with the scrutiny function post-vesting day to ensure that a wide range of stakeholder views can input into work programmes, task and finish work and policy development.

11 Overview & Scrutiny Comments

- 11.1 The views of the shadow Overview and Scrutiny Committee have been sought and incorporated into the detailed proposals set out within the report. The final proposals were also shared with the Overview and Scrutiny Committee in late October and their feedback has been incorporated.

12 List of Appendices

- 12.1 None.

13 List of Background papers

- 13.1 [Local Government Act 2000](#)
- 13.2 [Overview and scrutiny: statutory guidance for councils, combined authorities and combined county authorities](#)
- 13.3 [Centre for Governance and Scrutiny – Structures, resources and formal powers – a practical guide](#)
- 13.4 [Constitution Sub-Committee report on Future Scrutiny Arrangements 27 August 2026](#)