

Appendix B (revised May 2024): Use of Resources Best Value Theme- Assessment against characteristics of a well performing Authority Updated to reflect final Best Value Guidance Indicators

Description: An authority must have in place and properly deploy an effective internal control environment to safeguard the use of resources, and clear and effective processes to secure value for money. It must have appropriate financial management, reporting and regulation arrangements in place, in accordance with CIPFA's Financial Management Code, to govern the strategic and operational management of its investments, funding, assets and companies. This includes ensuring it has the appropriate skills and capacity in place, commensurate with the complexity of its finances, using specialist expertise when needed

Authorities must appropriately comply with the Prudential Framework in making investment and borrowing decisions and not take on excessive risk. They should have effective systems for identifying, reporting, addressing and reviewing financial risk and have consideration of CIPFA's Financial Resilience Index.

Investment decisions must have a commensurate level of scrutiny, transparency and approval to make sure that officers and members fully understand the risks.

Financial management and reporting should be supported by robust financial systems, record keeping and quality assurance, with appropriate use of specialist expertise and independent assurance when needed.

Authorities should respond to audit recommendations and address issues identified in a timely way.

Capacity constraints should be identified and recruitment to fill key posts prioritised. Succession planning needs should be considered, with a longer-term view as to when there might be a gap in senior, experienced officers

Yellow highlighting changes in final guidance compared to draft guidance.

Ref	Characteristics of a well-functioning authority	How we assess ourselves
1	<p>(a) Annually the Chief Finance Officer requests that Group Heads and senior management complete an assurance statement, reinforcing the importance of internal control. Management is accountable for implementing and operating adequate systems of internal control in managing risk.</p> <p>(b) An effective internal audit service that produces a risk based audit plan (programme of work) approved by the Audit Committee, and provides independent assurance on the adequacy of systems of internal control, governance and risk management arrangements. Recommendations issued if deemed necessary, aimed to enhance internal controls.</p> <p>(c) Monitoring system to ascertain status of audit recommendations (implementation).</p>	<p>(a) Signed annual assurance declarations from senior managers.</p> <p>(b) External Quality Assessment of Internal Audit's conformance to professional auditing standards at least once every 5 years. This is a key measure used in the internal audit sector to ascertain quality, professionalism and effectiveness of Internal Audit. The Independent assessment undertaken in 2023 concluded an overall positive rating for Spelthorne's Internal Audit based on universal gradings.</p> <p>Annual review of Internal Audit Effectiveness also highlights any continuous improvement measures.</p> <p>(c) Internal Audit recommendations are periodically followed up and status reported to Management Team and Audit Committee. Service Managers can be invited by the Audit Committee to explain delays in implementing recommendations.</p>

	<p>(d) Strategic risk register maintained, monitored and regularly reported. This aims to focus on the most significant risks facing the authority that impact the effective achievement of the Council's corporate priorities.</p>	<p>(d) Strategic risk register (Corporate Risk Register) maintained, monitored and regularly reported (3 times a year) to the senior executive management team, Audit Committee and wider Members. It takes into account the Council's risk exposure to wider externalities, including financial risk and the impact on delivery of corporate priorities.</p>
2	<p>The financial strategy and budgets are clearly aligned with strategic priorities and there is a robust process for reviewing and setting the budget.</p>	<p>Over the last two years a lot of work has gone into bringing the budget process forward and having the Service Plans reviewed and approved by Committees before feeding into the Budget process.</p> <p>The Corporate Plan has been refreshed and now set 2024-28, ending one year beyond the electoral cycle. The Corporate Plan priorities inform budget prioritization.</p> <p>We have done a considerable amount of work to make Budget process more transparent and engage more with councillors and work through the Committees. In 2024-25 we have prioritised addressing housing pressures which is both a statutory pressure and is also in line with one of our corporate priorities</p>
3	<p>The workforce and fixed assets are managed efficiently and effectively, with clear and credible strategies demonstrating how services will be delivered in the future, with an effective system for performance management.</p>	<p>The Council commissioned an independent review of its establishment by SEE which reported in 2023 to Corporate Policy and Resources Committee. SEE reported that the authority is being managed effectively with a pro-active approach to managing resources. Human Resources recruitment and retention risks are highlighted on the Corporate Risk Register.</p> <p>The Council has significantly grown its Assets team by setting aside some of the income from investment assets to fund posts. A number of experienced professionals have been recruited from the private sector. The Assets team pro-actively manages the investment assets portfolio which is reflected with a consistent collection rental rate in excess of 99.8% throughout the pandemic and cost of living crisis and a current void rate</p>

		<p>of less than 9%. The Council continually reviews and refines governance arrangements for oversight of assets activity</p> <p>The Council has refreshed its Assets Management Strategy, which links to the Capital Strategy.</p>
4	<p>A robust system of financial controls and reporting exists, which provide clear accountability and ensure compliance with statutory requirements and accounting standards.</p>	<p>The Finance team has been strengthened over the last few years with the addition of new posts and creation of two apprentice posts to grow new talent.</p> <p>Internal audit resilience is being strengthened by outsourcing to Southern Internal Audit Partnership to give the Council to a greater range of internal audit expertise and resource.</p> <p>Moving towards the Mole Valley-Spelthorne Finance partnership will provide an opportunity to compare processes and controls across the two authorities to align both around best practice.</p>
5	<p>Compliance with the Prudential Framework, a clearly presented Investment Strategy, Capital Strategy and Minimum Revenue Provision (MRP) policy exists.</p>	<p>We focus on complying with the Prudential Code, and have in place Investment Strategy, Capital Strategy which are approved on annual basis. The Capital Strategy particularly focused on risk management. We have a Minimum Revenue Policy (MRP) in Place and regularly liaise with our Treasury Management advisers to ensure that our approach is compliant. Our advisers provide periodic training for councillors with the last session being in January 2024.</p> <p>We report on performance against the potential indicators and any variance against those indicators.</p>
6	<p>A clear strategy exists to maintain adequate reserves.</p>	<p>The Reserves Strategy is reviewed and approved on an annual basis by Corporate Policy and Resources Committee. We have an approved strategy for sinking funds reserves. Officers have completed a refresh</p>

		<p>of the Sinking Funds modelling which will be brought to councillors.</p> <p>Based on independent benchmarking by LG Improve Spelthorne had the highest ratio of Revenue Reserves to Net Revenue Budget of any district or borough council at the end of 2022-23.</p> <p>As at the 31/3/24 the Council's cash backed reserves increased to just under £77m.</p>
7	<p>There is collective accountability for the budget and medium-term financial plan, rather than a siloed approach to management.</p>	<p>Under the Committee governance system at a political level there is ownership for the budget and Medium Term Financial Plan across the Committees with Corporate Policy and Resources Committee taking the Strategic lead.</p> <p>At an officer level MATplus takes ownership. We review our self-assessment against the CIPFA Financial Management Code to ensure that there is collective ownership for financial management issues. The Self Assessment against the Financial Management Code is highlighted to all members of MATplus.</p>
8	<p>There are regular financial reports to Cabinet and training for all members on finance.</p>	<p>Regular monitoring reports go to all service committees and to Corporate Management. The financial system has been upgraded to enable managers to more easily monitor and revise budget projections and to encourage ownership. A Members Financial Reporting Group was set up to focus on how we can make financial reports easier to understand for councillors. This has led to the implementation of the "four square" summary methodology for reports. Moving forwards we are looking to implement dashboard reporting. We are implementing added a glossary to financial reports to make them easier for councillors and lay readers to understand them.</p> <p>During 2024-25 3 Budget briefing sessions open to all councillors were provided to help councillors understand the financial</p>

		<p>challenges the Council is facing, the budget proposals and to provide an early strategic steer to officers. We also did a training session on local government financial matters. Our Treasury Management advisers provided a training sessions open to all councillors, and provide quarterly briefings to the Administration Group Leaders. Additionally there was a financial training session as part of the Members induction process.</p>
9	<p>Robust systems are in place to identify, report, address and regularly review financial risk.</p>	<p>The Council's Corporate Risk Management Policy was refreshed and approved by Audit Committee a few years ago. We have a section on risk in all reports going to committee. We are in the process of embedding a risk appetite methodology and have developed a framework for taking this forward, communicated with Senior Managers and Audit Committee, it is acknowledged that there is more work to be done to fully embed. Service Plans are required to focus on risk mitigation. The Corporate Risk Register is reviewed quarterly by Corporate Management Team, Audit Committee and Policy and Resources Committee</p> <p>In response to the Public Interest Report recommendations a separate Risk Register for our Investment Assets has been put in place.</p>
10	<p>Sustainable, competitive corporate functions including procurement and IT which deliver value for money.</p>	<p>In recent years we have expanded the procurement function to 3 posts. ICT is a challenging area to recruit to and to retain staff because we do not offer salaries in line with neighbouring authorities or the private sector. We have had a succession of interim procurement managers.</p> <p>The Council's Procurement strategy has been refreshed and also reviewed by Audit Committee.</p>
11	<p>The Audit Committee has the knowledge,</p>	<p>We have in place an independent member on the Audit Committee. The current such</p>

	skills and independent expertise to provide robust challenge and ensures effective controls are in place and issues addressed.	member has 30 plus years of audit experience, to help enhance the knowledge and expertise of the Committee. Regular training has been provided to the Audit Committee on the role of audit committees, risk management and understanding local authority accounts. The Audit Committee has within its remit the authority to call Managers to account before the Committee.
12	The purposes of companies are carefully considered and regularly reviewed, with effective governance and oversight arrangements in place.	<p>Given the early stages the Council's two subsidiary companies are in their life cycle, in line with CIPFA Local Authorities Companies guidance, the Council has representatives on the Board of both companies. Knowle Green Estates following a robust selective appointment process have two experienced (one with a housing background, and one with a finance background) non-executive directors who provide good independent challenge.</p> <p>Both companies report annually to their relevant Committees. KGE reports each November to Corporate Policy and Resources Committee as the shareholder representative, presenting the Annual Report of the Company and responding to councillors' questions.</p> <p>Both companies are independently audited and have regularly received clean opinions. The audit reports are reported to the Audit Committee.</p>
13	Effective project management of projects to enhance governance and effective use of resources.	<p>The Council's Project methodology requires Project Initiation Documents to be completed. The Council's projects team tracks projects and reports on progress to councillors.</p> <p>All major assets projects have their gateway stages reported to committee for review and sign off.</p> <p>All expenditure over £1million is subject to authorisation by Council.</p>