

APPENDIX A – Corporate Risk Register – Spelthorne Borough Council

Risk Category: 1 - Housing – Delivering targets for housing development and affordable housing requirements

Risk Subject Area: a. Options for housing development on Council sites and timelines for delivery

Corporate Priorities: Addressing Housing Need

Risk Owners: Lee O'Neil, Terry Collier, Daniel Mouawad

Lead Officers: Coralie Holman

Previous Risk Score:

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Current Risk Score:

12

Future Risk Score:

9

Risk Description

Several factors have continued to very significantly affect the financial viability of each project (as previously reported) leading to rising overall costs, and risk of adverse financial position of the Council. In responding to this threat, the Council decided to suspend direct delivery of the housing development programme from mid-October 2023. In addition, holding costs of £1.6m per annum relating to the housing delivery schemes are continuing to be incurred until outcomes are delivered on the sites, this will drop once Ashford Victory Place site disposal is completed. Moving forwards, from beginning of 2025-26 no further holding costs are being capitalised, such costs being charged to revenue. £8.7m of the accumulated costs are being written off as part of the 2025-26 Budget. This continues to have a significant financial impact on the Council's budgetary position. This position is no longer financially sustainable and will need to be addressed. This is reinforced by the Best Value Inspection report and the MHCLG Directions.

The Council's decision to suspend direct delivery of the housing development programme from mid-October 2023, impacted timelines for delivery of housing schemes and development targets (both affordable and general housing). The Ashford Victory Place site was marketed, with a report to Business Infrastructure and Growth Committee in December 2024. Thameside House was also marketed in parallel, and a report went to BIG in December. BIG Committee resolved not to recommend to Council the disposal of Ashford Victory Place to preferred bidders outlined in report. Marketing exercise ongoing for Thameside House with report to come to BIG early 2025.

There are potential risks associated with the Development Delivery Strategy, which need to be assessed to determine whether such arrangements (for example Joint Ventures) represent financially viable solutions in the long term and to ensure that they do not accelerate the Council's financial risk exposure to an unacceptable level, consequently presenting further uncertainty and strain on the Council's financial sustainability.

Current control actions:

Established policies and framework.

Governance and reporting arrangements. Examples include progress reporting of property development projects to officer and Member groups. Extraordinary Committee approved disposal of Ashford Victory Place site for housing (127 units including at least 30 affordable rental units).

Scrutiny of decisions is embedded within the Committee system of governance, and a 'call in' procedure can be invoked, if required.

Professional advice, expertise and input from officers across the Council, to guide and support on the implications of any proposed routes put forward. Advice to be provided with the parameters of the Development Delivery Strategy

Residual risk that may have to be accepted given the risk event occurrence and impact.

The Development Delivery Strategy and site prioritisation has now been agreed by Full Council and is adopted to base decision-making around. This will now be taken forward working in collaboration with the Commissioners as part of the broader Improvement and Recovery Plan.

Following the Best Value Inspection Report publication in February 2025, the Council will work with Commissioners to deliver a realistic plan to deliver housing numbers outlined in its Local Plan, as part of the broader Improvement and Recovery Plan. Reviewed 08/04/25

Current mitigating actions:

Progressing new Member driven strategy in consultation with residents for delivering housing outcomes across the sites currently owned by the Council. This includes a site delivery priority list. The prioritisation of sites within the Strategy was approved by Business, Infrastructure and Growth Committee on 12th September 2024, and by Council in October 2024, Additional work is being undertaken to accelerate the delivery of housing outcomes on these sites, as part of the Improvement and Recovery Plan.

Residual risk that may have to be accepted given the risk event occurrence and impact.

Reserves strategy. Application of earmarked financial reserves to the Council's budget. Refreshed Reserves Strategy Report approved February 2025, setting out proposals to make use £8.7m of reserves to offset writing off impacts of some of the housing regeneration sites. Updated 08/04/25

Assessment of options incorporating mitigation of holding costs on development sites. Updated 08/04/25

Future actions:

Type: Mitigation

Timeline: April 2024

Description: Identification and rigorous assessment of alternative Development Delivery Options for Council Owned Development Sites, to ensure they represent financially viable and sustainable solutions in delivering development targets. Finalisation and implementation of Member driven strategy for delivering housing outcomes across sites owned by the Council as approved by BIG on 12th September 2024 and Council October 2024. Updated 08/04/25

Status: In Progress

Comments: Despite the guidance of the strategy, there are still differing views about the approach to progression of the sites. There is an aspiration to deliver affordable housing, however this is impacting the level of disposal receipts that can be obtained for the sites. This will now be taken forward in collaboration with the Commissioners as part of the broader Improvement and Recovery Plan.

Type: Mitigation

Timeline: June 2025

Description: Once strategy routes have been confirmed, monitoring mechanisms to be pursued with revised timelines for delivery of targets.

Status: In progress

Comments: 1 site disposal has been completed in the form of an agreement for lease being granted on the Waterfront site. Extraordinary Council on 18th March 2025 approved the disposal of Ashford Victory Place with an obligation for at least 30 affordable rental units to be provided. Business, Infrastructure & Growth Committee March 2025 approved the marketing without encumbrances of Thameside House. Planning Committee 2nd April approved planning application for mixed use scheme for Ashford Multi-Storey Car Park site.

Risk Category: 1 - Housing – Delivering targets for housing development and affordable housing requirements

Risk Subject Area: B. Local Plan

Corporate Priorities: Addressing Housing Need

Risk Owners: Lee O'Neil, Terry Collier, Daniel Mouawad

Lead Officers: Heather Morgan, Jane Robinson

Previous Risk Score:

12

Current Risk Score:

4

Future Risk Score:

2

Risk Description

Delays in the examination and adoption of the Local Plan are likely to continue to adversely impact on the ability to bring forward the appropriate quantum of housing development (currently 618 dwellings pa). This lack of certainty means that the Council is not able to strategically direct where housing should be built and instead relies on schemes coming forward on an ad hoc basis. Some of these decisions may be taken out of our hands and dealt with by appeal. The lack of a plan does not give the landowners and developers the necessary confidence to bring forward sites for housing – our housing delivery is around 60 - 65% each year of what it should be.

The Local Plan process needs to be subject to robust independent challenge via Examination, to determine if it can be found 'sound'. There is a risk that post Examination, the Inspector does not find the Local Plan sound (with or without Modifications).

If the Local Plan cannot be found sound and adopted, then we will have to immediately produce a new Local Plan under the new NPPF with a higher housing number (755 pa). This would mean considering options now around the release of more grey and green belt, more infill sites within the developed area or increasing the level of development in our town centres.

Current control actions:

Planning regulatory framework.

Planning Committee, Officer presentations/professional advice and Member decision making.

Planning policies and guidelines.

Current mitigating actions:

The Local Plan relies on several significant sites within the Councils ownership coming forwards in Staines over the plan period. All schemes progressed on Council owned land will be considered against the flood risk to ensure appropriate mitigation is included within the scheme design. This will only apply where the Council has direct control. If a site is disposed of, it will be for the subsequent owner to ensure flood mitigation is in place. Flood risk mitigation will be integral to all decisions by councillors on joint ventures/partnerships on sites within Staines-upon-Thames.

Future actions::

Type: Control

Timeline: adoption of the Local Plan by end of 2025.

Description: Preparation and adoption of the new Local Plan to meet future housing need and strengthen policies around housing delivery (including via site allocations) and affordable housing.

Status: In progress

Comments: Update 16.04.25 - Examination held Jan/Feb 2025 with robust justification for the Plan put forward, alongside some suggested Modifications to overcome any areas of debate. The Council is currently undertaking a formal six-week consultation period on the Proposed Main Modifications. Responses will go directly to the Inspector, who will then decide whether the Plan is sound or not. The final decision on whether to adopt will sit with Council.

Risk Category: 1 - Housing – Delivering targets for housing development and affordable housing requirements

Risk Subject Area: C. Addressing affordable housing supply and demand to meet local need

Corporate Priorities: Addressing Housing Need

Risk Owners: Lee O'Neil, Terry Collier, Daniel Mouawad

Lead Officers: Karen Sinclair, Housing Admin

Previous Risk Score:

*

Current Risk Score:

12

Future Risk Score:

12

Risk Description

Cost of living crisis, shrinking private rented sector, insufficient number of affordable housing, migration - refugees and Asylum seekers.

Lack of affordable housing supply increases homelessness with increased demand for temporary or social housing.

The demand for temporary housing increased significantly over the last few years and is expected to increase further. The cost of temporary accommodation sourced on the private market, grows as the demand increases. At present the average annual cost of a placement in temporary accommodation is approximately £20,000 per annum. The increased demand is caused by the shrinking private rented sector, affordability of rent and the wider cost of living crisis.

Long term prospect for increase in supply of housing appears bleak due to lack of interest from Registered Providers to take s.106 units, the Council having suspended its direct development and wider viability challenges for developers.

Impact of Renters' Rights reform and landlords potentially exiting the market will further add to the housing pressure.

Housing provision (types of units) does not meet local resident needs or address client special needs for accommodation. Any delay in adopting the Local Plan does not assist in progressing a wide spread of units for differing needs. If fundamental housing needs are not met / maintained this may have a negative impact on the health and wellbeing of individuals / families. If information relating to housing need becomes out of date or is significantly inaccurate this could have implications for the effectiveness and implementation of housing and homelessness strategies. The Locata Review Module has been implemented which is designed to regularly review circumstances and to maintain the Register data up to date.

Complex needs amongst homeless clients requiring intensive support. Without the support the clients are unable to maintain a tenancy, which even if placed, will lead to reoccurring homelessness. This service is currently externally funded, but the future of the fund is uncertain. The demand for this service is also growing and additional resources are needed.

Risk Description (cont.)

Impact on residents and their housing need as a result of the Council stepping back from direct housing delivery and also Registered Providers not developing in the area.

Increased rate of determination of asylum seekers claims is resulting in more residents at the Asylum Seekers initial accommodation hotel in the Borough presenting to the Council seeking housing support. This is an external pressure based on asylum seekers coming to the UK. This has led to increased service demand, but some asylum funding has now been received from the Govt. which reduces the pressure on existing budgets.

Geopolitical factors continue to present increased demand in supporting refugee communities and consequently managing the provision of suitable and secure housing.

Update 29/01/25 -Clearsprings Ready Homes have confirmed that they are actively procuring properties in Spelthorne to expand DA capacity from 17 to 177.

Current control actions:

The review process for S106 agreements with developers aims to capture additional affordable housing.

Quarterly Strategic Action Plan monitoring and review relating to Housing and Homelessness Strategies. Member approved tenancy strategy.

More robust eligibility criteria now applied in determining applicants for the Social Housing register, to reflect Allocation Policy.

Latest Housing Register Numbers as at 01/04/25 are as follows:

Total on Housing Register: 2,581 (previously as reported in January was 2,495)

Excluding Category D ("Low housing need and no "deemed need") totals: 1,607 (previously 1,533).

The Council undertakes an automatic review of circumstances every 6 months to keep the register up to date. Update as 08/04/25

Homelessness Reduction Act incorporates proactive and preventative measures to support those at higher risk of homelessness.

Collaborative working with Registered Social Landlords and Partners to pursue delivery of affordable housing need and manage pipeline of units.

Spelthorne participated in the Local Authority Housing Fund (LAHF) capital funding programme (Rounds 1, 2 and 3) to acquire properties to house homeless refugees, as well as delivery of temporary accommodation. Spelthorne successfully delivered in the first 2 rounds of the LAHF programme and secured funding for the extension of Rounds 1 and 2, to deliver further 52 units (50 of which are temporary accommodation). In addition, Spelthorne was allocated further funding for a minimum of 8 units in Round 3 and applied for additional allocation of funding. The delivery of both the extension to Round 1 and 2 as well as Round 3 programmes was successful completed in September 2024. Further funding secured on the extension of LAHF Round 3 to deliver further 3 TA units and 1 large resettlement unit for an Afghan family - updated 01/03/2025

Current mitigating actions:

Administration and Group Leaders had a productive session with Professor Morphet who generated a number of suggestions as to strategies which could be explored to help address provision of affordable housing. Community Wellbeing and Housing has approved a refreshed Housing and Roughsleeping Strategy and took into account the suggestions made. Progress against the agreed actions being reviewed on a quarterly basis by Strategic Housing Group.

Updated 7/4/25

Acquisition of properties to support refugees forms an important strategy that the Council is pursuing. (Partly funded from the LAHF grant rounds 1, 2 and 3).

Council is lobbying for additional funding support in recognition of the resourcing and financial impact of more asylum seekers presenting in need of housing support. - additional funding now received from government which helps to cover the cost of TA for asylum seekers.

Applying Home Office funding and implementing wider schemes to provide additional support to refugees. – ongoing.

Future actions:

Type: Mitigation

Timeline: June 2025

Description: Targeted exercise to identify potential tenancy fraud, with a view to freeing up social housing. Ongoing project – aim to complete by June 2025.

Status: In progress

Comments: None

Risk Category: 2 - Economy

Risk Subject Area: National and regional threats to local economic prosperity

Corporate Priorities: Resilience

Risk Owners: Lee O'Neil, Terry Collier, Daniel Mouawad

Lead Officers: Heather Morgan

Previous Risk Score:

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Current Risk Score:

9

Future Risk Score:

6

Risk Description

Whilst Council actions aim to support businesses and the local economy, these actions alone can only have a very limited impact due to the overarching effects and long-term uncertainty of the macroeconomic environment, market volatility and geopolitical factors over which the Council has no influence.

The potential for increased level of business failures amidst the ongoing 'Cost of doing business crisis' has led to closure of some retail and business units across the borough because of wider economic instability and the need to pass on increased costs to the consumer. This impacts the economic prosperity of the borough and affects collections rates for business rate income, with reduced levels impacting finances and services available.

Current control actions:

An Economic Prosperity Strategy (2023 – 2028) which was updated via an internal review in 2024, addresses the key actions which face the borough. It incorporates a detailed strategy action plan detailing performance management measures and anticipated outcomes.

Monthly monitoring of Collection fund - Business Rates and Council Tax collection rates. There is regular reporting of these to Corporate Debt Group and as part of KPI's to Councillors. As at end of 2024-25, the business rates collection rate was 97.9% compared to outturn for 2023-24, which was 99.1%. As at end of 2024-25 the Council Tax collection rate was 97.4% compared to outturn for 2023-24 which was 97.5%.

All the Shared Prosperity Fund projects to support economic regeneration have now been delivered (04.25), including (1) climate change audits (2) consultancy support to ensure businesses can be sustained (3) funding for employment and skills hub.

Current mitigating actions:

Local mitigating measures taken by the Economic Development team include several measures to strengthen the resilience of local businesses in the face of future challenges - e.g. website design and increasing social media presence, energy efficiency measures, business networking and business to business support

The employment and skills hub relocated to its new location (old Argos unit) in mid-August 2024. Considerable strides have been made to extend multi-agency working with other partners to assist residents getting back into work (best use of pooled resources)

Growth bids were approved by the BIG Committee (December 2024) to ensure the ongoing operation of the very successful Youth and Skills Hub (supporting people back into work) and the Business Incubator (supporting fledgling businesses).

Future actions:

Type: Mitigation

Timeline: End March 2026

Description: : Re-location of the Business Incubator from Sunbury (Hanworth Road) to Staines (location to be agreed)

Status: In progress (report on whether to relocate scheduled for BIG committee in June 2025)

Comments: Project team has been set up

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Type: Mitigation

Timeline: End March 2026

Description: Securing a Business Improvement District for Ashford

Status: In progress (report on whether to proceed with the process of voting for a BID in Ashford scheduled for BIG committee in June 2025)

Comments: Initial work/business engagement being undertaken in March/April 2025

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Type: Mitigation

Timeline: End June 2025

Description: Apply for bid funding from Surrey County Council for a multi-borough hub (Staines based) to deliver employment and skills training

Status: In progress

Comments: Cross borough project team has been set up

Risk Category: 3 – Financial Resilience and Commercial Assets

Risk Subject Area: Commercial investment portfolio

Corporate Priorities: Resilience

Risk Owners: Lee O'Neil, Terry Collier, Daniel Mouawad

Lead Officers: Coralie Holman

Previous Risk Score:

6

Current Risk Score:

9

Future Risk Score:

6

Risk Description

Externalities arising since the aftermath of the pandemic compounded by the Cost-of-Living crisis and inflation and subsequent geopolitical and trade turbulence, continue to increase the Council's exposure to financial risk, with possible implications for the investment portfolio, including loss of anticipated rental income and increased costs from vacant space within the commercial assets. There are additional risks in years when a number of leases across the portfolio may be up for renewal. This may impact on the financial position, and our ability to deliver discretionary services, leading in the worst-case scenario to the Council becoming financially unsustainable with associated reputational damage. Revised 08/4/25

If key commercial asset leases are not maintained or renewed this may have implications for maintaining flow of rental income. Where asset holdings are aligned to a specific sector or location this could be impacted by wider externality factors and potentially present limitations in deriving optimal value. Risks that costs of refurbishment and upgrades over time will cost more than anticipated. Longer term risks around ensuring assets continue to meet high environmental standards.

The Council has a period of between 41 and 43 years before the debt finance associated with the acquisition of the investment assets is fully paid off. Over this period the Council is looking for the assets to deliver an ongoing income stream, to support the Council's Revenue Budget (currently that is about £10m per annum). However, the longer-term sinking fund modelling is indicating that in order for the Sinking Funds reserves to be sufficient to cope with the risk of significant tenant churns at certain points in the future, current levels of setting aside into the Sinking Funds will need to be increased. The Outline Budget report which went to Corporate Policy and Resources Committee on 09.12.24, identified that on the basis of refreshed modelling the contributions into the Sinking Funds will need to be steadily increased by 2031, which will halve over that period to £5m per annum the level of subsidy of services. This will require some significant organisational transformation to enable services to adjust.

Current control actions:

A new overarching Asset Management Strategy (AIS) & Asset Management Plan has been approved for the 24/25 - 27/28 financial year period.

Individual Business Plans for all assets, with a summary portfolio level AIS focused on the coming 12-month period. New Business Plans for 25/26 exit strategies for all the investment assets have been produced and taken to the Commercial Assets Sub-Committee and approved in advance of an overarching Asset Investment Strategy for 2025/26 to be presented to Corporate Policy and Resources Committee in May 2025. These exit strategies feed into the Sinking Funds modelling. If Commissioners are appointed, the Council will work with them to develop a comprehensive commercial strategy, with clear approaches to its investment and regeneration portfolios, including exit strategies for the commercial investments and realistic and deliverable strategies for the regeneration sites. Updated 7/4/25

Approved Capital Strategy includes key performance indicators with a particular focus on the investment portfolio. The investment portfolio has its own bespoke KPIs and Risk Register. Updated 8/4/25

Performance management measures – KPIs are reviewed annually and benchmarked against external, regional property indicators i.e. vacancy rates, market rentals, occupier demand.

Governance reporting - Investment performance reported regularly to Councillors at Commercial Assets Sub-Committee, Business and Infrastructure Growth Committee and Corporate Policy and Resources Committee.

Implementation of the Council's Transformation Programme, which was agreed by CPRC in December 2024 as part of the Outline Budget for 2025/26.

Current mitigating actions:

Sinking fund reserves strategy to support periods of tenancy voids and offset dips in rental income. Monitoring of contributions and overall amount of sinking fund balance held. A major refresh of the Sinking Funds modelling has been undertaken which suggests that over time the Council will need to set aside more of the rental income into the Sinking Funds Reserves, in order to build up those balances sufficiently rapidly to have sufficient funds to meet future pressure points. In turn this will mean over time the Council will need to reduce down from the current level of £10m per annum the net subsidy of services from the investment assets to £5m by 2031 i.e. a halving of the subsidy. This would therefore require a significant transformation programme across the organisation. This will need to be adapted to take into account which elements are deliverable within the time constraints of Local Government Reorganisation, which will mean that Spelthorne will no longer exist as a sovereign authority by April 2027. The Council will engage with Commissioners to agree how the Sinking Funds model can be further refined. The Council is exploring the opportunity for independent experts to review the model. To improve the resilience of the model and make sensitivity analysis the Council is considering moving the model on to Argus software. Updated 7/4/25

Current mitigating actions (cont.):

Sinking Funds modelling has been refreshed over a 50-year period, with ability to input and flex a range of parameters. Refreshed sinking fund model was reported to Corporate Policy and Resources on 20th January 2025, and once a user specification has been agreed there will be a demonstration of the model to members of that Sub-Committee and members of the Commercial Assets Sub-Committee before a further report is brought back to Corporate Policy and Resources Committee. Additional external advice is being sought to provide additional scrutiny and assurance.

Periodical financial health check of tenants to support accurate forecasts.

Ongoing management of voids with a view to reducing the portfolio void rate. Assets team proactively working to fill voids quickly using external lettings agents, understanding market demand and the size of accommodation needed.

SBC participated in a review of capital risk mitigation with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and is in the process of taking on board any improvement suggestions.

Exit Strategies being prepared and presented to Commercial Assets Sub-Committee meeting September to November. These strategies being reflected in revised sinking funds modelling assumptions.

On 8th May 2024 DLUHC (now MHCLG) announced a Best Value Inspection process to review how the Council mitigates risk. The Best Value Inspection report was published in February and is likely to result in Commissioners being appointed. The Council will work with the Commissioners to develop a comprehensive commercial strategy, with clear approaches to its investment and regeneration portfolios, including exit strategies for the commercial investments and realistic and deliverable strategies for the regeneration sites. A Consolidated Action Plan, tracking progress of actions relating to the CIPFA and BVI reports will go to Audit Committee on 8th May 2025. Updated 07/4/25

Proactive monitoring of key lease renewals to secure ongoing rental income or pursue options for alternative use. Assets team engage with tenants ahead of lease ends/breaks coming up. Two new team members recruited.

Public Interest Report Action Plan implemented. Review against PIR Action Plan reported to July 2024 Audit Committee and accepted by Councillors. A Consolidated Action Plan tracker including PIR actions will go to Audit Committee on 8th May 2025.

Invite external consultants with specialist expertise to critique approaches and share any learning points. For example, JLL's report to Development Sub-Committee in February 2024 and March 2024 Audit Committee. The Council will work with Commissioners to review its assets function, ensuring that it has the necessary skills and experience to manage the high risks associated with its investment and regeneration portfolios and to review its use of consultants. Updated 07/04/25.

Future actions:

Type: Mitigation

Timeline: Ongoing

Description: To explore and assess opportunities for further diversification of the Council's asset holdings

Status: In progress

Comments: None

Type: Mitigation

Timeline: End of September 2025 (updated 07/4/25)

Description: : Now that the Best Value Inspection report has been published the Council will actively address the recommendations and if Commissioners are appointed will work with them to develop a comprehensive commercial strategy, with clear approaches to its investment and regeneration portfolios, including exit strategies for the commercial investments and realistic and deliverable strategies for the regeneration sites. An Improvement and Recovery Plan to be agreed by end of September. Updated 7/4/25

Status: In progress

Comments: None

Risk Category: 4– Financial Resilience and Supporting Communities

Risk Subject Area: A. Managing increased cost

Corporate Priorities: Resilience

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Coralie Holman

Previous Risk Score:

9

Current Risk Score:

9

Future Risk Score:

9

Risk Description

Significantly increased financial pressures faced by the Council, similar to other councils arising from the recent inflationary pressures on fuel, gas and electricity, staff pay pressures, significantly increased Public Works Loan Board (PWLB) loan rates, which are now anticipated to fall more slowly in 2025 than previously anticipated. These higher borrowing costs, together with the need to manage accumulated capitalised costs and annual holding costs relating to housing delivery schemes, and other external factors are collectively causing a significant increase in revenue costs and capital expenditure. Equally the housing crisis is increasing the need to spend on temporary accommodation to support residents and higher interests impacting on landlords and rent levels.

Potential risk as housing and cost of living crises continue to impact on households more of them will struggle to pay council tax bills.

Risk that the new Government in addressing national public expenditure pressures reduces funding available for local government adding to the challenge of providing discretionary services. This will become clearer once Spending Review announced (Budget on 30th October flagged that the Government is looking for 2% efficiency savings across the public sector). Update 8/4/25

As a result of the Best Value Inspection report being published the Council will work with Commissioners to develop a plan to reconfigure the Authority’s services commensurate with the Authority’s available financial resources.

Current control actions:

Financial impact assessment modelling undertaken as proactive measure.

Annual budget process incorporates review and scrutiny at several stages including the informal all councillors budget briefings. All Councillor Budget Briefings, undertaken 3 times a year setting out financial risks in context of budgetary position, informing budgetary process. First Budget Briefing for 2025-26 undertaken on 15th July 2024 and second on 25th November 2024. The 25th November 2024 Budget Briefing highlighted the significant medium term financial pressures and the need to drive transformation change in order to offset those impacts.

Under Committee system process has been made more transparent.

Current mitigating actions:

Inflationary pressures contingency reserve to assist with any anticipated budget deficit.

Earmarked revenue reserves with forecast for the next four years. Financial Reserves strategy subject to regular review, with annual review and approval of the Reserves Strategy by Corporate Policy and Resources Committee.

Monitoring levels of reserves used at SBC and key financial performance indicators. Benchmarking and analysis of other Surrey Boroughs and districts use of reserves. Also benchmarking through LG Improve.

Medium term financial strategy (Outline Budget) providing a framework for managing financial resources, in a planned and pro-active way. Enables measures to be implemented which may take time to deliver results ahead of when required. For example, the Council is expecting additional pressures in 2026-27 if a Fair Funding Review and Business Rates reset happens then.

Budget put forward for making efficiency savings over the next 4 years to further safeguard the authority. New targets have been incorporated into the 2024-25 Budget. Following the Best Value Inspection report being published the Council will work with Commissioners to develop a plan to achieve financial sustainability and to identify and close any short and long-term budget gaps across the period of its medium-term financial strategy (MTFS), including a robust multi-year saving plan that reflects the costs and risks identified in the BVI report and by external auditors. The Council will implement its Transformation Programme and ywork with Commissioners to develop our Continuing Improvement & Recovery Plan to reconfigure the Authority's services commensurate with the Authority's available financial resources. Updated 7/4/25

Future actions:

Type: Mitigation

Timeline: September 2025

Description: SBC has participated in a review of capital risk mitigation with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and is in the process of taking on board any improvement suggestions. Following the DLUHC review a Best Value Inspection was undertaken with a report published in February 2025. The Council will actively address the recommendations and work with the Commissioners. An Improvement and Recovery Plan will be agreed by end of September 2025. Updated 07/04/25

Status: In progress

Comments: None

Type: Mitigation

Description: Progressing medium term financial strategy and efficiency savings plan.

Status: In progress

Comments: None

Type: Mitigation

Timeline: Up to April 2027

Description: : Implementation of the Council's Transformation Programme

Status: In progress

Comments: None

Type: Mitigation

Description: Monitoring and periodically reporting on outcomes of 4-year efficiency savings plan

Status: In progress

Comments: None

Risk Category: 4 – Financial Resilience and Supporting Communities

Risk Subject Area: B. Financing projects under restricted borrowing levels

Corporate Priorities: Resilience

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Ola Owolabi

Previous Risk Score:

9

Current Risk Score:

9

Future Risk Score:

9

Risk Description

As the Council’s borrowing levels have necessarily become restricted in the context of wider financial and externality risk, this could impact how the Council responds to unexpected events or factors presenting uncertainty and therefore its financial resilience. Moving forwards it is exploring options for generating capital receipts. Whilst the Best Value Inspection process continues the Council remains able to borrow from the Public Works Loan Board.

Current control actions:

Revised Treasury Management Strategy approved by Council 27/2/25 with amendments to the prudential indicators. Updated 7/4/25

Current mitigating actions:

Council approved in October 2024 drawing down its medium termed pooled investments as an alternative to borrowing and partially accelerating the payment down of debt finance. This has meant that the Council has avoided needing to fix additional long term debt finance to finance the balance of the Eclipse Leisure Centre.

Council participated in a Capital Assurance review with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and in the process of taking on board any improvement suggestions. Coinciding with the publication of the final Best Value Guidance, DLUHC notified the Council of a Best Value Inspection process to be completed by end of January 2025. Following the publication of the Best Value Inspection Report in February 2025 the Council will actively work with Commissioners to address the recommendations. This will include implementing a comprehensive and strict debt reduction plan, demonstrating how overall capital financing requirement and external borrowing will be reduced over a realistic but expedient timescale, reducing debt servicing costs.

Current mitigating actions (cont.):

Participated in Surrey wide financial resilience review with commissioning of independent consultants to consider financial metrics as part of this assessment.

Future actions:

Type: Mitigation

Timeline:

Description: Any outcomes or further learning arising from the Surrey wide financial review will continue to be considered.

Status: In progress

Comments: None

Type: Control

Timeline: End of September 2025

Description: Progressing medium term financial strategy and efficiency savings plan. Moving forwards the Transformation Programme under the oversight of the Reorganisation and Transformation Board in collaboration with Commissioners

Status: In progress

Comments: None

Type: Mitigation

Description: Council will positively engage with Commissioners to actively address the recommendations of the Best Value Inspection report and agree an Improvement and Recovery Plan by end of September 2025.

Reviewed 07/4/25

Status: In progress

Comments: None

Risk Category: 4 – Financial Resilience and Supporting Communities

Risk Subject Area: C. Financial pressures due to increased demand for services

Corporate Priorities: Resilience

Risk Owners: Lee O'Neil, Terry Collier, Daniel Mouawad

Lead Officers: Ola Owolabi

Previous Risk Score:

9

Current Risk Score:

9

Future Risk Score:

9

Risk Description

Combined with reduced fee income and potential for lower collection rates of Business Rates and Council Tax (exacerbated further by the continued Cost-of-Living crisis) this could have an impact on the Council's ability to deliver services as well as creating greater demands on community services, leading to a negative impact on the Borough's residents and communities (economic, social, physical and mental wellbeing). This coincides with increased service demands, leading to further growth bids for resourcing which are not financially sustainable or affordable unless these can be offset by savings. Ongoing financial pressures, in worst case scenario, could lead to the Council becoming financially unsustainable.

As part of delivery regeneration/housing outcomes on existing council sites across the portfolio owned by the Council there is a risk, which could be magnified depending on timing relative to the property valuations cycle, that some of the schemes will result in capital losses which will need to be written off to Revenue. Equally if schemes prove abortive, accumulated capitalised costs would need to be written off to Revenue. A number of factors have continued to very significantly affect the financial viability of each project (as previously reported) leading to rising overall costs, and risk of adverse financial position of the Council. In responding to this threat, the Council decided to suspend direct delivery of the Housing development programme from mid-October 2023. As part of the 2025-26 Budget £8.7m of accumulated capitalised costs are being written off.

In addition, holding costs of £1.6m per annum relating to the housing delivery schemes are continuing to be incurred until outcomes are delivered on the sites, these costs will reduce slightly when the Ashford Victory Place sale completes. This continues to have a significant financial impact on the Council's budgetary position. Moving forwards in 2025-26 the Council has ceased to capitalise interest costs so these costs will impact the Revenue Budget.

Current control actions:

Annual budget process incorporates Officer and Member review and scrutiny at several stages with measures to support production of balanced budget. Service planning process integrates with annual budget process.

Medium term financial strategy providing a framework for managing financial resources.

All Councillor Budget Briefings, undertaken 3 times a year setting out financial risks in context of budgetary position, informing budgetary process.

Current mitigating actions:

Budget put forward for making efficiency savings over the next 4 years to further safeguard the authority. Progress against this target is currently being re-assessed, and additional measures put in place to maintain clear focus on cashable savings.

Transformation Programme agreed by CPRC in December 2024 as part of Outline Budget.

Councillor led Reorganisation and Transformation Board set up. Updated 7/4/25.

Procurement Projects Board set up to ensure focus on delivering value for money from procurement.

Use of Local Authority Housing Fund enabled purchase of approximately 60 Temporary Accommodation with near 50% grant funding and transferring the units to the Council's Housing Company. Having direct control of such units will save the Council approximately £3m per annum compared to the alternative of placing in private bed and breakfast. This is significantly mitigating the housing pressures on the Council's Revenue Budget. Update 16.01.25 - Now acquired total of 82 housing units through LAHF.

The Council maintains a Reserves Strategy, refreshed and reviewed every year by Corporate Policy and Resources Committee. One aspect of this strategy is to ensure that sufficient cash backed revenue reserves are maintained to assist in offsetting any write-off of capital losses/capitalised costs to Revenue.

Governance and reporting arrangements. Examples include progress reporting of Property Development projects to officer and Member groups. Specific reports are referred to BIG Committee to seek approval for progressing marketing to identify delivery partners most recently Ashford Victory Place and Thameside House.

Following the Best Value Inspection report the Council will work with Commissioners to implement a plan to achieve financial sustainability and to identify and close any short and long-term budget gaps across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan that reflects the costs and risks identified in the BVI report and by external auditors.

Future actions:

Type: Mitigation

Timeline: End of September 2025

Description: Agree with Commissioners an Improvement and Recovery Plan by end of September 2025

Status: In progress

Comments: None

Risk Category: 5 – Treasury Management

Risk Subject Area: Delivery best value from investments and borrowing

Corporate Priorities: Resilience, Services

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Ola Owolabi

Previous Risk Score:

9

Current Risk Score:

9

Future Risk Score:

9

Risk Description

If the Council receives a reduced return on long term investments and/or investments become insecure in the current / future economic climate, then this will have an adverse impact on the Council's financial position, weakening financial resilience. Currently interest rates are relatively high which has boosted returns, following the first reductions in August, November 2024 and February 2025 it is expected that the Bank of England will make a number of base rate reductions over the next eighteen months or so.

A risk of missing opportunity to lock in good return rates in investments such as supranational bonds. However, need to be weighed up against need to maximise ability to internally borrow and reduce need to externally borrow.

Updated 07/04/25. Significant rises in interest rates and increased cost of borrowing/loans influence the Council’s treasury activities. This also presents positive opportunities in enabling great returns to be earned on the Council's surplus cash supporting the Revenue Budget. Following the October 2024 Budget gilt raises have risen significantly pushing up Public Works Loan Board rates.

Risk that Council fixes borrowing required for existing capital programme too early and locks into a higher cost of borrowing.

Risk that longer term the current excess of rental income maintained over the fixed financing costs of the investment assets is not sustainable.

Current control actions:

Council's investments are managed internally in consultation with specialist advisors Arlingclose.

Medium term financial strategy providing a framework for managing financial resources.

Investments with approved institutions as per policy and strategy.

Aim to select counter parties of the highest credit quality. Credit ratings monitored. Credit Default Swaps (SDS) are monitored.

February 2025 Council has approved Treasury Management Strategy for 2025-26.

Application of professional (CIPFA) Code of Practice and Prudential and Treasury Management Codes

Performance measurement and outturn reporting, as well as Investment Benchmarking.

Regular engagement with the Council's specialist advisors at Officer and Member level to enhance knowledge, subsequently informing decisions.

Arlingclose to provide regular training sessions for councillors. Last session January 2024.

Approved Treasury Management Strategy for 2024-25. Strategy for 2025-26 approved by Council 27/2/25. Updated 07/04/25

Current mitigating actions:

Ongoing review and assessment of options with Treasury Management (TM) advisors regarding the Council's borrowing strategy in the context of interest rates rises and volatility.

Corporate Policy and Resources Committee and Council in October 2024 approved drawing down the Council's medium-term to facilitate short term internal borrowing to reduce need for external borrowing to finance the balance of the Eclipse Leisure Centre.

Fixed interest rate on most debt and for investment assets and an interest equalisation reserve is in place.

Following publication of the Best Value review the Council will work with Commissioners to implement a comprehensive and strict debt reduction plan, demonstrating how overall capital financing requirement and external borrowing will be reduced over a realistic but expedient timescale, reducing debt servicing costs.

Future actions:

Type:

Timeline:

Description:

Status:

Risk Category: 6 – Climate Change

Risk Subject Area: A. Climate Change threat, impact and response

Corporate Priorities: Environment

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Sandy Muirhead

Previous Risk Score:

*

Current Risk Score:

12

Future Risk Score:

12

Risk Description

Climate change represents a significant global threat driving social and economic disruption with far ranging consequences for socioeconomic stability. Climate change and extreme weather events impact health and safety, food systems, supply chains & procurement, economic productivity, and losses. Due to climate change, there is a specific risk to the Borough of Spelthorne in terms of more extreme heat and increased flooding, besides the more global threats such as severe storms (threat to loss of life and limb) impacting locally. As climate change is happening updated the RAG status to 12 as the changing climate will have impacts on the Borough. It has also been confirmed 2023 was the hottest year on record and is breaking the 1.5 Celsius threshold. January 2025 was the hottest January on record. Despite increasing effects worldwide of climate change there is currently a trend in some countries and companies of rolling back their green agenda. Updated 11.4.25

If the Council is not pursuing measures or seeking positive opportunities to mitigate and adapt to climate change, it could result in criticism / bad press / public demonstration and additional organisational pressures may result in a loss of focus around climate change and green initiatives. A lack of preparedness for impacts of climate change may lead to Council Services no longer being sustainable or in a suitable position to operate in the future. The last 8 years have been the world’s hottest and in the summer of 2022 there were 72,000 excess deaths in Europe due to the extreme heat. 2023 was the hottest year on record and January 2025 was hottest January on record The UK is equally likely to see weather extremes going forward impacting on the economy and actions required by the Council e.g in times of severe flooding seriously draining the Council’s resources. Reviewed 11.4.25

Current control actions:

Environment and Sustainability Committee developed an action plan as part of the climate change strategy to move the Council towards net zero carbon emissions, aiming to get to Net Zero for Scope 1 and 2 emissions by 2030. The climate change strategy has been updated along with a clear action tracker and received approval from Committee on 17 September 2024. The original action plan had 72 actions but they have been combined in number to avoid duplication: 8 are fully complete, 51 are ongoing, 6 are being explored through background work and 7 have not yet started. Reviewed 11.4.25.

Environment and Sustainability Committee will continue to explore ways to meet a carbon neutral target, and to promote climate change as an issue that needs to permeate all Council areas to ensure SBC reduce their carbon footprint and adapt to climate change. As a result, there is a focus through project Green Horizon on reducing emissions from the Council and its operations. Recent work has demonstrated routes for the Council to reduce its emissions in a cost effective way as possible and this work and data will be presented to the June Environment and Sustainability Committee. This work has also been presented to the climate change working group. Updated 11.4.25

Surrey County Council have developed a strategy on Climate Change referred to as Greener Futures Delivery Plan which the Environment and Sustainability Committee have supported. Spelthorne's Climate Change strategy is linked where appropriate to Greener Futures Delivery Plan.

Collaborative measures are required to support a coordinated approach to strategy implementation across the organisation and the team are looking at joint service projects. The Climate change officer has met with services in early 2025 to review the action plan and identify mitigation opportunities in each service (Reviewed 11.4.25)

Officers are continuing to roll out Carbon Literacy training days and participating staff have committed to a range of carbon saving pledges. Some member Induction training was undertaken in June 2023 and further training on carbon literacy has taken place on 24/25 November but only a few members attended despite training being mandatory. The Council has reached bronze level in the carbon literacy hierarchy and is aiming for silver in 2025/26.

Environment and Sustainability Committee developed an action plan as part of the climate change strategy to move the Council towards net zero carbon emissions, aiming to get to Net Zero for Scope 1 and 2 emissions with the aim of reaching net zero by 2030. Updated 11.4.25

The Environment and Sustainability Committee will continue to explore ways to meet a carbon neutral target, and to promote climate change as an issue that needs to permeate all Council areas to ensure SBC reduce their carbon footprint and adapt to climate change.

There is a Carbon Footprint section in Service Plans, providing an opportunity for departments to support the Council's commitment to reducing carbon emissions and explain how they intend to adapt elements of their service delivery to achieve this.

Current mitigating actions:

Some Funding resources have been secured to support strategy implementation and these are being allocated and targeted to reduce the carbon footprint of the Council to help ensure SBC are net zero by 2030. The Council will continue to seek alternative funding to continue to develop schemes to meet net zero targets.

The Corporate Plan has key actions on climate change and is supported by the climate change strategy and associated actions which require services to address the net zero targets the Council has set.

Funding resources secured to support strategy implementation through the Green Initiative Fund. These are being allocated and targeted to reduce the carbon footprint of the Council to help ensure SBC are net zero by 2030. Though many measures are invest-to-save the current Council financial position may limit opportunities but there is a move to bring forward some spending on 'green' projects. Updated 11.4.25

Future actions:

Type: Control

Timeline:

Description: Within the legal constraints it is intended to implement the proposed supplementary planning guidance (SPD) to assist in future properties being better adapted to both heat and cold. However, for the SPD to move beyond guidance to having more weight in the planning process is dependent on implementation of the Local Plan.

Status: Outstanding

Comments: The guidance is helpful in demonstrating what can be done to improve the resilience of properties to climate change

Type: Control

Timeline: August 2024

Description: Cllrs were given training to raise awareness and enhance understanding of Climate Change issues across the Council as recently as November 2024. Cllrs have recently agreed that encouragement needs to be given for Cllrs that have not completed the training to do so. Information has been given to Group Leaders. Updated 11.4.25

Status: In progress

Comments: Training of Cllrs has taken place but there are still Cllrs requiring training.

Future actions:

Type: Control

Timeline: September 2025

Description: To build on Greener Futures climate adaptation strategy and incorporate actions into our climate change strategy.

Status: In progress

Comments: Adaptation strategy still to be developed but will be taken to summer Environment and Sustainability Committee.

Type: Mitigation

Timeline: 2022-2028

Description: Reviewing and updating climate change strategy and ensuring fully aligned with corporate plan actions but includes mitigation options for Council assets, enhancement of biodiversity and adaptation. Agreed by Committee 17.9.24

Status: Complete

Comments: Review of climate change strategy completed but needs resourcing to fully implement and requires cross service input. Team are working with services and focusing work into two streams mitigation and adaptation.

Type: Mitigation

Timeline: On going

Description: Training of staff continues to raise awareness and enhance understanding of Climate Change issues across the Council (staff and Councillors) so they are embedded into day operations

Status: In Progress

Comments: None

Risk Category: 6 – Climate Change

Risk Subject Area: B. Integration into decision making and targets

Corporate Priorities: Environment

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Sandy Muirhead

Previous Risk Score:

*

Current Risk Score:

8

Future Risk Score:

6

Risk Description

Where integration into wider Council decision-making is not evident this reduces the effectiveness of holistic approaches in delivering Spelthorne’s strategy

Inadequate mechanisms for monitoring and reporting on status provides limited insight regarding keeping on track in pursuing net zero carbon emissions and wider government reporting requirements.

Current control actions:

All Committee reports include a section on Sustainability and Climate Change considerations which should be reflected upon by report authors to identify both positive and adverse impact of proposals being put forward by Officers requiring a Member decision.

Through carbon literacy training of staff and the climate change and sustainability officers working with services across the Council, climate change is becoming embedded in service delivery. A Climate Change Working group made up of a cross-party group of elected Members will focus on monitoring of actions towards carbon neutrality and initial assessment of ideas.

Officer updates to Members on the progress of the Climate Change Action Plan.

Annual Reporting of Carbon Emissions to Surrey County Council.

Annual KPI reporting.

Current mitigating actions:

Through ongoing monitoring of climate change strategy and corporate plan actions can ensure climate change mitigation and adaptation is incorporated into day-to-day Council projects/activities.

To use Project Horizon to channel focus on projects which make a significant contribution to reducing the Council's carbon footprint. Reviewed 11.9.25

Benchmarking and/or analysis of comparative energy savings achieved across Surrey Districts and boroughs Looked to assess how Councils align in terms of climate change activities in readiness for Local Government Reorganisation.

Ensure delivery of Corporate Plan actions to assist in mitigating climate change and reducing the Council's carbon emissions using the corporate plan action tracker. Updated 11.4.25

Future actions:

Type: Control

Timeline: March 2025

Description: Environmental Social Governance (ESG) assessment underway to develop future strategies for reporting requirements on climate change

Status: In progress

Comments: None

Type: Mitigation

Timeline: September 2025

Description: Mandatory Carbon literacy training programme underway across the Council to continue so we can achieve silver accreditation with bronze level already being achieved.

Status: In progress

Comments: None

Type: Mitigation

Description: To build on Greener Futures climate adaptation strategy and incorporate actions into our climate change strategy.

Status: In Progress

Comments: None

Risk Category: 7 – Corporate Capacity, Resources, Recruitment and Rentention

Risk Subject Area: A. Corporate Capacity

Corporate Priorities: Resilience, Services

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Sandy Muirhead

Previous Risk Score:

9

Current Risk Score:

12

Future Risk Score:

9

Risk Description

Increased workloads due to national and local policy decisions. Any additional funding provided may not be sufficient to cover work required and shortage of professionals in marketplace may make it even more difficult to get sufficient staff to cover requirements.

Current areas of potential risk include:

- Ongoing pressures on resources due to work associated with Local Government Reorganisation,
- Follow up work associated with the Best Value Inspection and external audits,
- Additional work which will be needed following the Government’s confirmation of support for a 3rd runway at Heathrow, and
- Specific service area pressures due to increased workloads, e.g. in Environmental Health

Overstretched capacity could lead to increased staff fatigue / burnout / sickness levels arising. This may impact further on employee stress levels and mental / physical wellbeing, which may also lead to reductions in expected service delivery and reduced morale especially with pressure to complete more tasks over and above planned work.

Overstretched staff may feel encouraged to leave to less demanding roles in other areas including the private sector and this has been recently exacerbated in certain areas by best value work.

Availability of external roles especially better paid roles. The Council struggles to keep up with increased pay in roles in the sector as a whole.

There is a need to monitor added pressures associated with Local Government Reorganisation, which will require the Council to participate in provision of data and associated transition work. Additional resources will be needed to support this process in order to prevent effects on existing Council activities/services and excessive pressure on staff. Additional pressures will be generated by the need to address the Best Value Inspection recommendations. Additional work pressures will arise following the Government confirming support for 3rd runway at Heathrow. CRR scoring will be updated, if necessary, as part of next quarterly update once further information becomes available. Updated 7/4/25

Current control actions:

Management to address workload issues across teams, with continued prioritisation of tasks, but tasks are exceeding ability to deliver in certain areas, especially in services where it is difficult to recruit staff.

Corporate performance management systems operating across various levels, intended to promote golden thread and support delivery of corporate priorities and objectives.

Annual Service Planning should refer to capacity pressures being experienced/foreseen by Service Managers/Group Heads (under risks section), so that any remedial action can be proposed and discussed.

Local Government Reorganisation and best value demands could increase pressure on staff resulting in more leaving.

Current mitigating actions:

Various support systems operating in promoting and supporting staff wellbeing e.g. Carefirst.

Corporate performance management systems operate across services with a view to promoting the Corporate Plan and associated actions translated into tasks; but also to ensure staff are managing workloads and priorities. Will be a need to build in more performance monitoring following audit action plan. This will be achieved through careful service planning incorporating the "Golden Thread" and quarterly KPI monitoring which can be used with the continuous performance monitoring process for staff for managers and in particular monitor both staff and service performance.

Management and HR monitoring of sickness absence levels related to stress or overstretched capacity provides corporate insight that could indicate any further remedial action required.

Participated in an LGA review of 2022 which raised findings regarding working culture though recent staff survey demonstrates staff feel very positive about their working environment internally but one area that showed red was in relation to Cllrs.

Corporate Establishment Review undertaken in 2023 with some further actions identified/pursued. This also overlaps with the other risks in this category relating to recruitment and retention. Corporate capacity is under strain in November 2024 due to various factors across the organisation and this is continuing into 2025.

See Risk subject area 7b. re recruitment and retention measures.

Future actions:

Type: Control

Timeline: Ongoing

Description: Demand management and developing approaches to measure and monitor demand levels across the Council but need to recognise that demand management is not always easy due to for example extra people presenting as homeless putting more demand on housing staff or extra Government requirements e.g. productivity plans.

Status: Outstanding

Comments: All managers try to provide some balance in terms of staff workload but there often demand factors which arise from external sources and may be difficult to predict. Recent budget works and demands from best value process have put extra strain on staff. Local Government Reorganisation and the possible impact of BVI Commissioners will impact workload and morale.

Risk Category: 7 – Corporate Capacity, Resources, Recruitment and Retention

Risk Subject Area: B. Recruitment and Retention

Corporate Priorities: Resilience, Services

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Sandy Muirhead

Previous Risk Score:

12

Current Risk Score:

12

Future Risk Score:

12

Risk Description

Unsuccessful recruitment and ongoing unfilled vacancies in a challenging and competitive labour market leads to reduced availability of technical skills and relevant expertise is spread more thinly across Services. Staff shortages further exacerbate workload pressures across teams. The consequences of this risk are set out earlier under corporate capacity.

Ineffective or inappropriate recruitment exacerbated by the skill shortages within the local government market could result in appointments that fail to effectively meet business need leading to reduced service quality and/or periods of ongoing vacancies which puts extra demands on staff and HR resources especially in terms of cases.

The Government's plans for Local Government Reorganisation, may lead to loss of some staff and difficulties recruiting to vacant posts, particularly as Spelthorne with Surrey is included in the first wave of the programme. There is also a risk some staff may be lost as a result of the BVI process.

Current control actions:

Several measures have been underway for some time and previously reported. These relate to HR policies, financial enhancements for hard to fill posts, development and upskilling opportunities, schemes to support staff wellbeing, hybrid working patterns and flexible working arrangements to attract and incentivise staff to modern working practices, staff pay reviews, HR professional networking forums with a view to applying best practice learnt.

Staff and member feedback including commissioning annual surveys to ascertain key concerns, issues and promote continuous improvement measures. Staff survey undertaken in 2024 had a very high participation rates and most scores were highly positive regarding working conditions but Cllr area scored low.

Staff communication plan on Local Government Reorganisation (LGR) to be developed and maintained throughout the transition process. CARE first offering to be enhanced with a programme to assist staff on the current establishment to prepare for the opportunities that a larger unitary authority may offer.

Current mitigating actions:

Where recruitment into posts is not possible, appointment of interims or agency staff to ensure continuity in the services and enable continued delivery of the service concerned.

Possible need to increase the use of agency staff where recruitment issues develop due to LGR. Use of honorariums for existing staff where they are required to step up to cover work of vacant posts.

Future actions:

Type: Mitigation

Timeline: Ongoing

Description: To continue to advertise in all service relevant journals to ensure maximise opportunities for those seeking roles to see them.

Status: In Progress

Comments: None

Type: Mitigation

Timeline: Ongoing

Description: Continue to explore new and innovative recruitment and retention strategies in a competitive market. This includes workplace flexibility

Status: In Progress

Comments: None

Type: Mitigation

Timeline: Ongoing

Description: Continue to draw optimal value from all relevant hubs of expertise including externally conducted research in continuing to facilitate and promote a holistic approach to responding to recruitment and retention challenges and future-proofing the Council's workforce.

Status: In Progress

Comments: Recruitment team and officers are looking at all options for advertising roles but also including opportunities to appoint apprentices and train from within.

Type: Control

Timeline: April 2027

Description: Maintaining an effective communication plan with staff re LGR/BVI and offering enhanced support/development opportunities through the CARE first programme, will assist in retaining some staff as the transition to the new unitary authority progresses. Reviewed 11.4.25

Status: In Progress

Comments: Action timeline based on Surrey in first wave of Councils undergoing LGR.

Risk Category: 8 – Equality, Diversity and Inclusivity

Risk Subject Area: Coordinated approach to legislative requirements

Corporate Priorities: Resilience, Environment, Services

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Sandy Muirhead

Previous Risk Score:

6

Current Risk Score:

6

Future Risk Score:

6

Risk Description

If there is a failure to effectively adhere to the Equality Act (2010), this could lead to workplace practices and delivery of services that fail to incorporate necessary principles, standards and requirements in promoting equal opportunities, diversity and inclusivity. This may increase risks of discriminatory practices and consequentially, the Council could be subject to complaints or even claims resulting in reputational damage.

If there is insufficient resource, skills or expertise to develop, promote and support implementation of E, D & I standards, progress in driving change and positive impact through a structured and coordinated approach may be limited.

Current control actions:

Training mechanisms to raise awareness and understanding such as the online Workrite module.
Seeking further training options for 2025. Updated 28.2.25

All Committee reports include a section on Equality, Diversity and Inclusivity considerations to ensure this area is embedded into Council decision making. It should be carefully reflected upon by report authors to identify any implications and whether there is any specific impact for proposals being put forward requiring a Member decision.

Communications and engagement with staff, Members and the public to recognize and celebrate diversity.

Champions (Staff reps) to explore further positive approaches relating to E, D & I. Inclusivity Working Group meets regularly.

Corporate Values – (PROVIDE) are incorporated into the Council's equality and diversity objectives together with an internal equality and diversity policy.

An Equality, Diversity and Inclusivity 'Statement of Intent' document has been reported.

Internal and external websites have been updated with Equality and Diversity policy and statement published.

Current mitigating actions:

Equality Impact Assessments are completed as a requirement on initiation of new projects and strategies.

An Equality and Diversity audit is being undertaken in November/December 2024 with a report to be produced in May (audit report received 11.4.25) for management team. This audit will assist in identifying further areas of work to be carried out. From the audit we are anticipating producing an EDI plan, which subject to confirming resourcing will be implemented during 2025.

Participated in Race Equality Week (Feb 2024) and promoted important messages to all staff.

Ensure "celebrate" key events for example PRIDE month and ensure raised at staff meetings (including relevant presentations on relevant subjects) and flag raised along with further communications.

Section on EDI including reference to LGBT community included in induction seminar for new staff completed. Updated 12.9.24

Future actions:

Type: Control

Timeline: October 2025

Description: This action is subject to resource allocation. Assign a lead Officer to support production of an Equality, Diversity, and Inclusivity Strategy for the Council. This will provide a more robust structured approach in delivering and embedding essential, principles, standards, and requirements in promoting equal opportunities, diversity, and inclusivity. To develop further internal activities and strategy/policy development an officer has been assigned to undertake this task in human resources.

An audit is being undertaken and this will assist in identifying the resource required and better enable allocation of the resource needed. Updated 11.4.25

Status: In Progress

Comments: Due to constrained resources a long lead time is required though a lead officer has been designated and although an officer has been assigned availability is limited due to other service demands.

Risk Category: 9 – Local Government Reorganisation

Risk Subject Area: A. Strategic decisions

Corporate Priorities: Resilience, Environment, Services

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Sandy Muirhead

Previous Risk Score:

16

Current Risk Score:

16

Future Risk Score:

12

Risk Description

The governance structure at Surrey County Council has previously presented limited opportunities for Spelthorne to influence future shaping and direction within the wider Surrey landscape, e.g. in relation to the County Deal. This presented the risk of strategic decisions being made that were not in the best interests of Spelthorne’s residents and local communities. With Surrey now confirmed in the first wave of Local Government Reorganisation (LGR), the risk remains that Spelthorne will have very limited ability to influence the future shaping of any new unitary authorities and the level/quality of services that the new unitary Council for our area will provide for our residents and businesses.

Government plans for LGR will mean that Spelthorne potentially no longer exists as a sovereign authority from April 2027. This will fundamentally affect Council's ability to deliver many of its planned actions under the Corporate Plan 2024-28. Failure to engage with the LGR process would not help deliver the best outcomes for Spelthorne's residents and businesses. Updated 7/4/25

Current control actions:

Spelthorne will have no control over the implementation of LGR by the national Government. SBC can therefore only seek to mitigate the effects on the borough and its residents/businesses.

12.02.25 - A new Reorganisation Board has been established to formulate, co-ordinate and manage the Council's engagement with Surrey Local Government Reorganisation (LGR) and devolution proposals and make recommendations to CPRC/Council. This Board will also oversee the Council's Transformation Programme to ensure that this aligns with that process.

Update 12.02.25 - The Council needs to have a clear view on its priorities for any future collaboration (or not) against the backdrop of LGR. Even though Spelthorne will no longer exist as a sovereign authority in April 2027, there will be a need to deliver services and manage budget pressures over the next 2 years. The draft outline budget report going to CPRC in December flags up the need to deliver a corporate transformation programme to deliver efficiencies and savings - and collaboration remains one strand of this. New opportunities to collaborate may need to be considered to deliver resilience in some service areas (such as Building Control) and existing partnerships may need to be reviewed. Challenges may exist in finding suitable partners and agreeing suitable collaboration arrangements in such circumstances in view of the timescales for LGR. The Council's Collaborative Working Review Group has been restarted (Leadership and MAT) to consider any collaborative opportunities that may need to be discussed.

Current mitigating actions:

It will be essential for Spelthorne to engage fully with the LGR process on a county-wide basis (initially through the Surrey Leaders' Group) if the Council is to deliver the best possible outcomes for its residents and businesses.

A Reorganisation Board has been set up to formulate, co-ordinate and manage the Council's engagement with Surrey Local Government Reorganisation and devolution proposals. This will also oversee the Council's ongoing transformation programme to ensure that this is compatible with LGR.

The Council will need to review its priorities and planned actions under the Corporate Plan to ensure any remaining actions are deliverable within the limited timeframes it remains as a sovereign authority.

Reviewed 16.01.25

Future actions:

Type: Mitigation

Timeline: March 2027

Description: Planning for potential change and ascertaining transitional and future arrangements for service delivery, decision making and strategic direction in light of Local Government Reorganisation (LGR).

Status: In Progress

Comments Leader is in active discussions with other Surrey Leaders to formulate their approach to formation of new unitary authorities for Surrey. SBC Full Council met on 06.02.25 to agree their preferred options for number of unitaries, preferred configuration of authorities to be joined with, and the Terms of Reference for a new Reorganisation Board. Surrey CXs continuing to discuss practical implementation pending further guidance from Government.

Risk Category: 9 – Local Government Reorganisation

Risk Subject Area: B. Managing Change

Corporate Priorities: Resilience, Environment, Services, Community, Addressing Housing Need

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Lee O’Neil

Previous Risk Score:

16

Current Risk Score:

16

Future Risk Score:

12

Risk Description

If there is a lack of clarity or unified understanding around the wide-reaching implications of Local Government Reorganisation (LGR), this could make the task of planning, managing, communicating and implementing change challenging.

Need to consider how to prioritise work which will be required to feed into the LGR process alongside need to continue delivering services and efficiency savings.

The Government's plans for Local Government Reorganisation present a major risk to the Council's operational activities and planned projects/actions under the Corporate Plan if organisational change is not managed effectively. Additional pressures and uncertainties for staff may result in loss of personnel and difficulties recruiting replacements.

Current control actions:

Ensure the appropriate level of resources (capacity and appropriately skilled staff) are put in place and time is freed up from other parts of the organisation involved in the change management process if no additional financial or staff resources are available. This will require tough decisions on what not to do, or to deliver in another way on a temporary basis. A risk-based approach will need to be applied to this work.

Current mitigating actions:

Although the Council may not be able to control the changes required as part of the LGR process, it can, through development of an effective change management plan/strategy, mitigate the impacts on staff and the wider organisation, minimise the risk of service disruption and maximise the opportunity to deliver a range of planned actions/projects, before the transition into a larger unitary authority. Collaboration with partners may be necessary to deal with any resilience issues that may arise in the run-up to the unitary authority taking over responsibility for services.

Future actions:

Type: Mitigation

Timeline: March 2027

Description: Planning for potential change and ascertaining transitional and future arrangements for service delivery, decision making and strategic direction

Status: In Progress

Comments Strategic discussions in progress (Leaders and CXs) re options for new unitary authorities in Surrey. Interim LGR plans for Surrey must be developed and submitted by 21 March 2025, with a full proposal to be submitted by 9 May 2025. Initial limited guidance on process contained in Government Ministerial letter of 5 February 2025. Awaiting more detailed guidance.

Type: Mitigation

Timeline: July 2025

Description: Alternative options for service delivery for building control (due to severe resourcing and resilience issues)

Status: In Progress

Comments 16.01.25 - Audits of Building Control Service currently being undertaken. Resilience/capacity issues may warrant consideration of separate risk category depending on outcome.

Type: Mitigation

Timeline: September 2025

Description Surrey Leaders/Chief Executives currently in discussion over options for the number and make-up of unitary authorities for Surrey under LGR.

Status: In Progress

Comments: None

Type: Mitigation

Timeline: August 2027

Description Develop and implement an effective change management strategy/plan (once further information is received on the LGR process/timetable). (16.01.25).

Status: In Progress

Comments: None

**Risk Category: 10 – Response to External Audit/Best Value Inspection
Recommendations**

Risk Subject Area: Value for Monday/Audit Findings

Corporate Priorities: Resilience, Environment, Services

Risk Owners: Lee O’Neil, Terry Collier, Daniel Mouawad

Lead Officers: Lee O’Neil, Terry Collier

Previous Risk Score:

12

Current Risk Score:

12

Future Risk Score:

6

Risk Description

Failure to respond effectively to address the recommendations in the External Audit Reports could result in statutory recommendations which would damage the reputation of the authority and possibly lead to intervention by the Government. Failure to address the recommendations could expose the Council to financial and governance risks.

The level of Commissioner-led intervention planned by the Government in response to the recent publication of the Council’s Best Value Inspection report is yet to be determined. Any risks associated with this will be incorporated into the next update of the register once further information is available.

Current control actions:

A Consolidated Action Plan to go to 8th May Audit Committee drawing together in one action plan actions relating to Public Interest Report, CIPFA Capital Assurance review, LGA Corporate Peer Challenge report, External Auditor Annual Report 2023-24, External Auditor Audit Findings report 2023-24 and Best Value Inspection report. This is to ensure that all recommendations are being addressed, owned by an appropriate officer, with Cllr leads identified, with clear timescales for completion.

Future actions:

Type: Control

Timeline: Ongoing

Description Action Plans approved by February 2025 Audit Committee and progress against the Action Plans to be reported on at every Audit Committee for Committee oversight.

Status: In Progress

Comments: None

Type: Control

Timeline: September 2025

Description: Actions specified in Action Plans to be completed.

Status: In Various target dates specified in the Action Plans. All actions to have been completed by September 2025

Comments: None