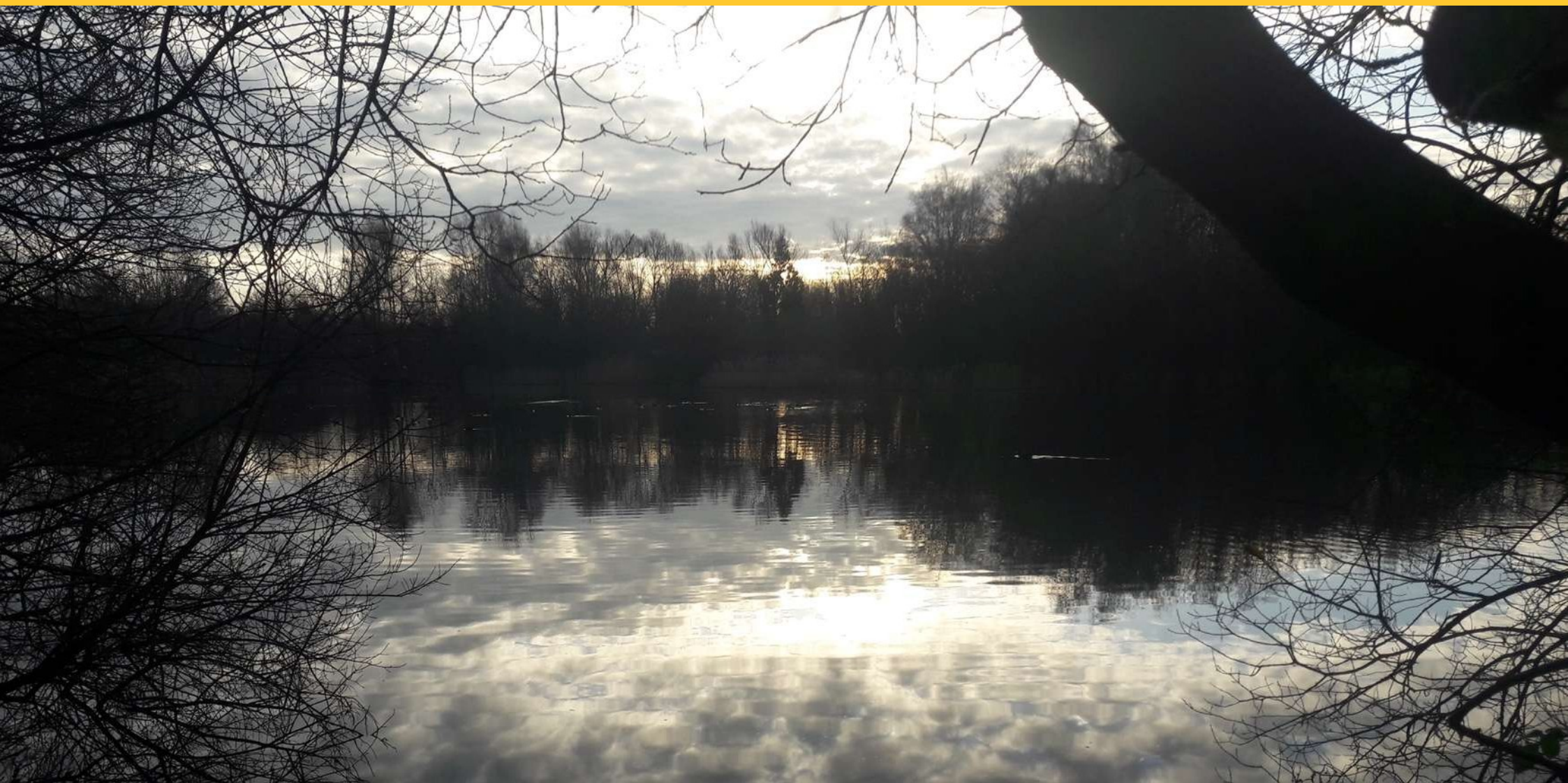


# Annual Governance Statement

## 2025/26 CLEAN COPY



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## Executive Summary

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Spelthorne Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these responsibilities, the Council is also responsible for putting in place proper arrangements for the governance of its affairs. These include systems of internal control and procedures for managing risk. Pages 7 to 11 of this document explains the purpose of corporate governance and sets out the key components of effective governance in practice. Such arrangements cannot eliminate all risk of failure and will only ever provide reasonable and not absolute assurance of effectiveness. Governance arrangements should however be designed and implemented so that they manage risk down to an appropriate level and highlight areas where further improvements need to be made.

The Annual Governance Statement (AGS) describes the arrangements in place during 2025/26 and provides an assessment of how effectively these operated in relation to the seven key requirements in the CIPFA/SOLACE framework which are set out on pages 12 to 25. The AGS highlights arrangements which are working well and identifies other areas where further improvement is required. This Statement is reviewed and formally approved each year by the Council's Audit Committee and reviewed by the Council's external auditors.

Production of the AGS is underpinned by an annual governance review which covers the period from 1 April up to the date the financial statements are finalised and approved. Appendix 1 sets out in detail how this review was carried out.

During 2025/26, we made progress in responding to the findings of the Best Value Inspection and addressing the resulting Statutory Directions issued in May 2025. We have also responded positively to matters raised by the External Auditors (see Appendix 4). This has included constructive engagement with the Commissioners to identify requirements, priorities and agree impactful changes needed to strengthen governance and financial management. Although there is now greater clarity around expectations and the steps required to address them, the Council continues to face significant challenges in terms of ensuring that arrangements put in place are both adequate in principle and properly applied in practice. For example, we acknowledge that:

- some new processes, especially those linked to risk management are not yet fully embedded in day-to-day service delivery, and
- some officers and members are unfamiliar with rigorous but constructive challenge, review and assessment processes and limited training has been provided to support this change.

Page 5 of this document sets out the key actions taken to strengthen corporate governance in 2025/26, and page 6 sets out the priorities to be addressed in the coming year. As demonstrated by Appendix 2, all governance issues identified in this document have been captured within the Improvement and Recovery Plan (IRP) and progress will continue to be monitored and reported and reflected in next year's Annual Governance Statement.

Local Government Reorganisation has required the Council to operate at pace, while maintaining essential services and prioritising the delivery of savings to address its debt position. Whilst engaging with the Future Surrey Programme Board the Council remains focused on achieving best value for our residents, and on ensuring that we address the Best Value and external audit recommendations to strengthen the inheritance we pass onto West Surrey Council.

### **Assessment of Effectiveness**

Spelthorne Borough Council is very much aware of weaknesses identified in the Best Value Inspection report and the Statutory Directions issued in January and May 2025 respectively. Based upon the contents of this report, and in particular:

- the annual governance review processes set out in Appendix 1, and
- the opinion provided by the Head of Internal Audit in Appendix 3,

the Council's overall assessment is that although governance arrangements in 2025/26 have been significantly improved, more needs to be done to ensure these processes work well consistently and help the Council to identify risks, weaknesses, and area for improvement going forward. We remain committed to rebuilding trust and ensuring effective governance as we prepare for structural transition to West Surrey Council on 1 April 2027. This work is being undertaken alongside the ongoing delivery of core council services for our residents.

**Gordon Mitchell**

Chief Executive

Signed:

Date:

**Councillor Greg Neall**

Leader of the Council

Signed:

Date:

## Summary of key actions delivered in 2025/26 to address issues raised in the 2024/25 Annual Governance Statement

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<b>Commercial Theme</b>	<b>Action taken</b>
Commercial property rationalisation plan	The Council approved an asset rationalisation plan and appointed external advisors to assist with implementing the plan
Improve commercial governance including contract management and procurement	Updated procurement policies and procedures together with the Contract Standing Orders, rolled out procurement and contract management training aligned with new Contract Standing Orders, stood up the Procurement Board to improve scrutiny and ensure compliance with the new policies and procedures
People, systems and data management	Introduced Staffing Panel and undertaken a review of all information held to support operational decision making and recommendations to Committee for commercial decisions
Develop a comprehensive commercial strategy with clear approaches to investment and regeneration portfolios	The Council has approved a commercial strategy to progress asset rationalisation and decision making involving assets in the commercial and regeneration portfolios.
<b>Regeneration and Housing Theme</b>	<b>Action taken</b>
Regeneration and housing confidence	Consultants and Property agents have been appointed to progress regeneration masterplans for Staines and affordable housing delivery.
Knowle Green Estates Ltd future resolution	The Council engaged Savills, specialist property consultants acting in the residential sector, to undertake a review of the future financial viability of Knowle Green Estates in 2025/26 setting out a range of options. The preferred option is to wind up the company and transfer the assets to the Council in 2026/27 with a view to the assets transferring to the Housing Revenue Account of the new West Surrey Council
Balanced housing mix	The Council approved a Supplementary Planning Document on HMOs

Thriving communities and infrastructure	The Council adopted a new Local Plan, and the new Spelthorne Design Code.
Homelessness provision	The Council published information guides for Houses of Multiple Occupation (HMOs) and is undertaking a holistic review of nightly paid accommodation costs and length of stay, setting new targets to reduce costs by the end of the 2026/27 Financial Year.

<b>Finance Theme</b>	<b>Action taken</b>
Review level of Minimum Revenue Provision	The Council approved a revised Minimum Revenue Provision (MRP) Policy in November 2025 for 2025/26 resulting in MRP being set at a prudent level in line with statutory guidance
Review sinking fund strategy and assumptions	In view of the decision to dispose of the investment property portfolio, the Council approved a revised Reserves Strategy in 2025/26, which re-purposes the sinking funds held in order to support the General Fund. This means the Council no longer has sinking fund reserves and therefore there is no longer a requirement for a sinking fund strategy.
Audit and accounts	The Council received a disclaimed audit opinion on the 2024/25 under the Government's audit backstop arrangements. The 2024/25 Audit Findings report received in January 2026 had 5 audit recommendations a significant reduction on the number for 2023/24. Work is ongoing on the 2025/26 accounts to improve quality control processes to in order improve the level of assurance of the accounts preparation and restore audit confidence.
Systems and data	The new Interim Deputy Chief Finance Officer, working with the Systems Accountant, has streamlined the budget monitoring functionality and is moving budget monitoring onto the single financial data set and away from a reliance on use of spreadsheets.
Capacity and capability	Additional specialist Finance interim staff have been recruited to fill gaps in skillsets and improve the quality of financial reporting and treasury management
Update the Medium Term Financial Plan (including Treasury Management and capital strategies) in line with the new commercial strategy to reduce the cost of the investment and regeneration portfolio	A revised Medium-Term Financial Plan was approved during the year. In addition, the Treasury management Strategy was completely revised to comply with professional guidance. In line with the Statutory Direction to implement a strict debt reduction plan, £905m of debt was restructured in November 2025, reducing overall borrowing by £34.1m.

<b>Governance Theme</b>	<b>Actions taken</b>
Decision making process review	Reviewed and reset internal Management Team meetings to streamline processes and deliver focussed strategic oversight.
Risk culture	During the year a new Governance Assurance Framework was introduced.
Internal audit	Internal Audit Plan for 2025/26 completed. Internal audit annual plan for 2026/27 was agreed in March 2026 and is progressing without slippage; regular meetings between internal audit provider, statutory officers and chair of the Audit Committee are in place.
Reports and guidance	A revised report template has been implemented and report writing training delivered; implement focussed adjustments to the approval process.
Culture and continuous improvement	The Council has approved an Protocol on relations between Members. The Council also has agreed an Equality, Diversity and Inclusion Strategy. A revised set of Corporate and Service KPIs have been prepared and are being bedded in.

<b>Local Government Reorganisation Theme</b>	<b>Actions taken</b>
Data collection/sharing	The Council appointed a set of subject matter experts for each Surrey Local Government Reorganisation (LGR) workstream who provided the Council's data input into the process.
HR rationalisation	The Council is feeding into the People and Governance Surrey LGR workstream. All job descriptions have been reviewed and updated.
Financial rationalisation	The Council is feeding into the Surrey LGR Finance workstream. We fed into the baseline report for West Surrey which was provided to the Joint Committee in March 2026.
Systems and contracts	The Council is feeding into the Surrey LGR Procurement and Contracts workstream. The Deputy Chief Executive is theme sponsor for Procurement and Contracts. We have fed into the single Surrey contracts database our contracts data.

Elections and governance	The Deputy Returning Officer, managed the preparations for West Surrey Council elections with polling taking place in Spelthorne on 7 <sup>th</sup> May and the Count completed on 8 <sup>th</sup> May.
Change management	In response to the Statutory Direction issued to the Council in May 2025, the Council has implemented an Improvement and Recovery Board (IRB), agreed an Improvement Recovery Plan and established IRB Sub-Boards which meet regularly to monitor improvement against the themes set out in the IRB

## Summary of actions focused on strengthening governance in 2026/27

<b>Delivery plans for each IRP theme</b>	<b>Engagement strategy for LGR and IRP</b>	<b>Preparations required by Surrey First (LGR)</b>
<b>Fortnightly staff briefings</b>	<b>Review of KPIs</b>	<b>Induction for West Surrey representatives</b>
<b>Procurement training</b>	<b>Pulse surveys with staff</b>	<b>Review of Corporate Plan</b>
<b>Climate Change SPD</b>	<b>Annual Report for Standards Committee</b>	<b>Affordable Housing SPD</b>
<b>Infrastructure Delivery Plan</b>	<b>Resource planning for LGR leads</b>	<b>Actions toward achieving unqualified audit opinion</b>
<b>Forward Planning and timeliness of reporting</b>	<b>Annual Report for Audit Committee being considered at Council</b>	<b>Rationalising the length of meetings</b>
<b>Refocus officer development programme to support LGR transition</b>	<b>Embedding budget monitoring processes by budget holders</b>	<b>Refine refocused MAT meetings</b>

## Purpose of the Annual Governance Statement

- The Annual Governance Statement explains how the Council checks that it is run properly and lawfully.
- It meets the legal requirement to review how well our internal controls and governance arrangements work and to publish this review every year and include in the Statement of Accounts. As per process set out at **Appendix 1**.
- It's an objective and honest appraisal of that review.
- The Statement shows that we have appropriate governance arrangements in place, sets out what we achieved during 2025/26, and highlights what we still need to improve to support delivery in 2026/27.
- It focuses on how the Council is governed and managed, identifying strengths and any significant weaknesses in our systems and controls, rather than measuring our performance.

## What is Corporate Governance?

The Council's Local Code of Governance sets out how the Council is run. It describes the way decisions are made, how the Council is managed, and how it involves and is accountable to the community it serves. Spelthorne Borough Council's current Corporate Governance framework is defined by the following elements in Diagram 1.

The work following intervention has helped the Council understand that strong governance comes from a culture of continuous improvement and open challenge. We continue to review our work honestly and take action where necessary to ensure our governance remains strong.



**Diagram 1:** Spelthorne Borough Council's current Corporate Governance framework

## Corporate Plan

The Council's Corporate Plan for 2024/28 sets out our vision and strategic priorities: Community, Addressing housing need, Resilience, Environment and Services. Progress of delivering these priorities is reviewed and published each year in our Annual Report. To avoid duplication the tracking of progress against priorities has been integrated into the Improvement and Recovery Plan process.

## Constitution

This has been reviewed during the year to ensure it remains relevant and effective, responding to changes in legislation and implementing recommendations on improvements. It defines the roles/responsibilities of the Council, service and regulatory committees, and statutory officers and sets out how these roles are discharged, and the delegations extended to officers and Councillors.

## Improvement and Recovery Board

This non-decision-making board monitors progress against the Improvement and Recovery Plan. Meetings are chaired by the Lead Commissioner and involves the Commissioners, the Leader, Leader of the Conservative Group, the Chair of Audit Committee and the Senior Responsible Officers for the delivery of the workstreams within the IRP as well as the Programme Director co-ordinating the Plan.

## Improvement and Recovery Plan (IRP)

The IRP was originally approved by Council in October 2025 as the Council's action plan for addressing the Government's Best Value Directions. The Plan was updated by Corporate Policy and Resources Committee in February 2026. The IRP incorporates the governance actions captured in the Annual Governance Statement 2024/25. Progress is shown in **Appendix 2**.

## Council & Committees

The Council moved to a Committee System form of governance in 2021, and the current remits and structure have been in place since 2024. The Internal audit of the Council's decision making and accountability recommended 18 governance improvement recommendations, and these were incorporated into the Improving Governance workstream within the IRP. Some of the recommendations require changes to the Council's Constitution and will be implemented in time for the May 2026 Annual Council Meeting, the Standards and Audit Committee Chairs' will present Annual Report on behalf of their Committees to July Council.

## Scrutiny of decisions

During this period the majority of decisions were made by the Committees or delegated to officers. There are structures and processes in place to hold these to account. Further improvements to levels of scrutiny are planned in 2026/27 as the new Governance Assurance framework is embedded and each Service Committee will be able to scrutinise the risks for projects within its scope.

## Governance Assurance

The Council recognises that the effective identification, assessment and management of strategic and operational risk is essential to good governance. Robust risk management arrangements are necessary to support the Council's ability to meet its statutory duties, deliver corporate priorities and provide high-quality public services. However, the effectiveness of these arrangements has not been consistently demonstrated during the year.

At the start of the year, the Council operated a traditional risk management approach supported by a Corporate Risk Register (CRR), which identified key strategic risks and was subject to periodic review by officers and Councillors. In response to recommendations from the Best Value Inspection and Grant Thornton's External Audit, the Council initiated a programme of improvements to its risk management arrangements, supported by an external governance expert. Rather than undertaking a comprehensive revision of its existing policies and processes, the Council made a strategic decision to transition to a governance assurance-based approach. While this reflects an intention to strengthen oversight, it has yet to be fully implemented to demonstrate clear, consistent benefits in practice.

During the transition period, there has been a hiatus in the regular review of the Corporate Risk Register, reducing the level of Councillor oversight, challenge and transparency. This has limited the Council's ability to maintain a clear and up-to-date understanding of its risk profile. Although the new Governance Assurance Framework has been adopted, implementation remains at an early stage. Work is ongoing to embed understanding, clarify roles and responsibilities, and support the cultural change required for the framework to operate effectively. By the end of April 2026, 49 officers and 24 councillors had received targeted training. Further detail on the Governance Assurance Framework is provided in **Appendix 6**.

## Statutory Officers

Statutory officers are responsible for delivering and overseeing the financial management and governance of the council:

The Chief Executive is the Council's Head of Paid Service who is responsible for the overall functioning of the council and the allocation of resources. There was a change of postholder during 2025-26 with the Deputy Chief Executive acting as interim between December and March. The new Chief Executive, Gordon Mitchell, was confirmed in March 2026.

The Deputy Chief Executive is the Council's S151 Officer responsible for financial governance, risk and control frameworks.

The Head of Corporate Governance is the Council's Monitoring Officer responsible for the ethical framework for both officers and councillors.

## Partnerships

There are a number of organisations which are independent from the Council, but have an impact on its service areas.

In order that the Council can maintain effective partnerships with a number of these organisations, representatives of the Council, usually elected Councillors, sit on the various committees and forums that are responsible for them. Further details are set out at **Appendix 7**.

## Spelthorne Direct Services Ltd (SDS)

The Council set up SDS to provide a locally based commercial waste service for businesses in and around the Borough. SDS's aim is to help the local business community recycle more, lower waste collection costs, and reduce their carbon footprint.

SDS accounts are independently audited, and the auditors have issued a clean audit opinion for the 2024-25 Accounts.

Work has begun on preparing for the audit of the 2025/26 Accounts.

SDS is looking to position itself so that it can grow the business under LGR.

## Knowle Green Estates Ltd (KGE)

External experts were commissioned to review KGE's long-term viability and to propose options. The findings will be reported to CPRC at its July meeting. Approval of the draft Business Plan is therefore pending consideration of those options.

KGE accounts are independently audited, as well as being reviewed by the Council's external auditors when they audit the Council's consolidated Group Accounts.

The independently audited accounts for 2024-25 received a clean audit opinion and show on the Total Comprehensive Income and Expenditure statement a £10.9m total comprehensive income for the year, and net equity in the company of £17.5m.

Previous Board membership concerns have been fully addressed. Two experienced Non-Executive Directors have been in post since December 2020, providing independent challenge and scrutiny, with one acting as Chair. Since January 2025, there have been no senior council officer Board members with the Company Secretary role is provided by the legal team.

## Performance Management

The Council recognises that effective performance management is an important component of good governance, supporting the efficient use of resources, delivery of priorities and achievement of outcomes for residents. However, the extent to which current arrangements provide consistent and reliable assurance remains variable.

In principle, performance management should provide assurance that the Council is delivering its priorities effectively and identifying areas for improvement. The Corporate Performance Management Framework is intended to link strategic priorities, service plans, performance indicators and risk management. However, the effectiveness of these links in practice, and the extent to which performance information consistently informs decision-making by officers and Councillors, still requires improvement.

Performance is monitored through a range of measures, including corporate KPIs, statutory and regulatory indicators, local service measures, and individual performance through the Continuous Performance Management (CPM) process. While these mechanisms are in place, there is variability in their application, quality and consistency of performance information. This can limit the Council's ability to identify underperformance early and take timely and effective corrective action.

Further detail on the Performance Management Framework is provided in **Appendix 5**.

## Ethical Framework

There are a number of policies that support this framework:

[Members Code of Conduct](#)

[Member Officer Relations Protocol](#)

[Protocol on relations between Members](#)

[Staff Code of Conduct](#)

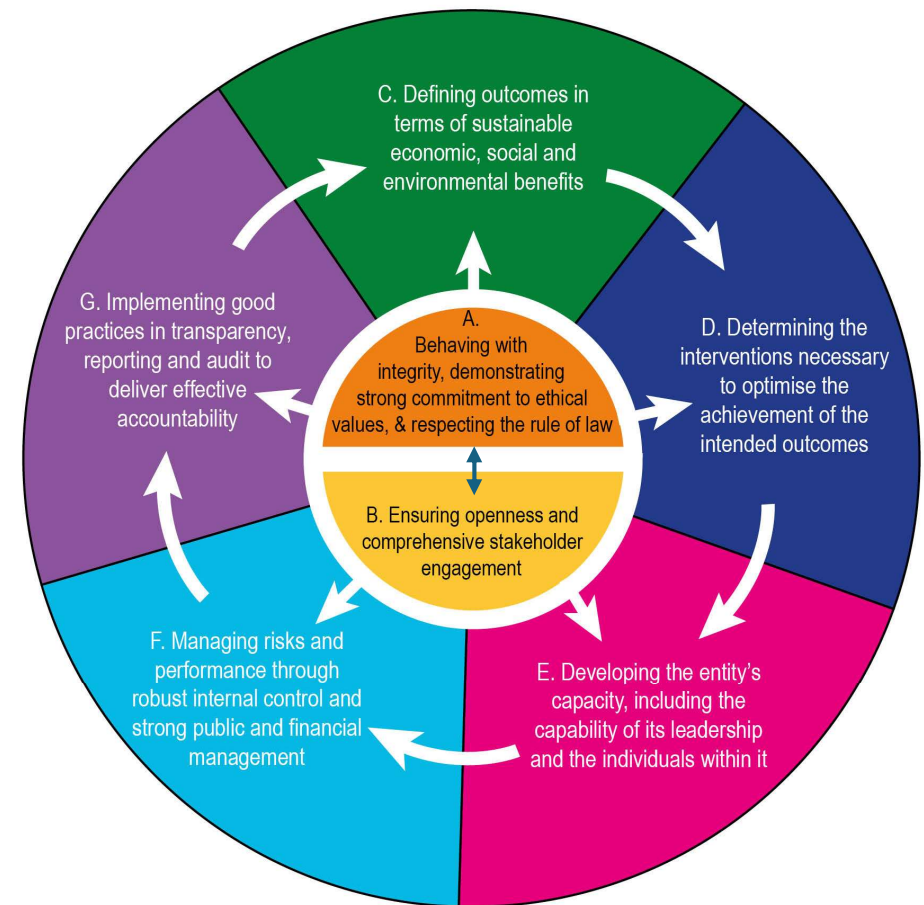
## The 7 Principles of Good Governance

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There are seven principles and sub-principles of Corporate Governance incorporated within the CIPFA/SOLACE framework and as set out in Diagram 2.

Below is our assessment of our effectiveness and any significant issues identified for inclusion in the improvement actions to be taken.

Appendix 1 sets out the process undertaken in the assessment taken with the sources of information considered. Whilst many of our policies, processes and strategies link to many of the Good Governance Principles, below are those that are particularly relevant.



**Diagram 2:** 'Delivering Good Governance in Local Government Framework 2014' Published by CIPFA/SOLACE

## A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- Whilst all newly elected Councillors and officers receive training on expected behaviours, there have been few opportunities arranged during the period to support Councillors or Officers in refreshing and reinforcing this understanding.
- An induction for Spelthorne representatives on the new West Surrey Council will be delivered to highlight local issues and equip Councillors for the transition to unitary decision making.
- The Council's Standards Committee, guided by an Independent Chair, is responsible for upholding high standards of behaviour from the elected members. In line with best practice an Annual report is being prepared to highlight 2025-26 activities to Council.
- A new protocol defining Councillor to Councillor conduct was agreed in March 2025. This included a new process for submitting complaints between elected members to achieve informal resolution through conciliation where possible.
- In the period from 1 April 2025 to 31 March 2026, there were 7 complaints against Councillors, a decrease from 22 in the previous year. This reduction can be seen to be directly linked to the new protocol. The limited powers available to respond to substantiated concerns may also affect individuals' willingness to make complaints however a number of complaints were rejected by the Monitoring Officer on the grounds that they were politically motivated or lacked sufficient supporting evidence. The Standards Committee received regular updates during the year on the number and types of complaints.
- In response to an internal audit on Equality and Diversity in June 2025 a new Equality, Diversity and Inclusion strategy has been agreed by CPRC in April 2026.
- The review of internal management meetings introduced a quarterly assurance meeting to focus on performance activities, including reviewing complaints, analysing trends, and sharing learning from outcomes to ensure that service improvements are made promptly. Work is ongoing to ensure this approach is fully effective.

GOOD GOVERNANCE PRINCIPLE A:		
Policy, framework or process	Owner	Last reviewed
<a href="#">The Constitution</a>	Group Head of Corporate Governance	2026
<a href="#">Members Code of Conduct</a>	Group Head of Corporate Governance	2025
<a href="#">Member Officer Relations Protocol</a>	Group Head of Corporate Governance	2021
<a href="#">Protocol on relations between Members</a>	Group Head of Corporate Governance	2025
<a href="#">Council values</a>	Deputy Chief Executive	2025
<a href="#">Counter-Fraud Bribery and Corruption Strategy</a>	Group Head of Corporate Governance	2026
<a href="#">Modern Slavery Statement</a>	Group Head Commissioning and Transformation	2023
Equality, Diversity and Inclusion Strategy	Group Head Commissioning and Transformation	2026
<a href="#">Gifts and Hospitality Policy</a>	Group Head of Corporate Governance	2021

## B. Ensuring openness and comprehensive stakeholder engagement

- All Council and Committee meetings are held in public except where confidential or exempt information is being presented. As the public are excluded for those items the Council continues to strive to keep these instances to a minimum. Advice is required from the Monitoring Officer whether an exemption from public disclosure is appropriate to ensure that the majority of decision-making takes place in the public domain.
- All Committee reports are published on the Council's website in advance of the relevant meeting. In response to concerns raised in the Best Value Inspection Report about report timeliness, the Council has reviewed its internal processes. There continues to be occasions where report information is not available on time or is updated following publication. It is acknowledged that further scheduling and prioritisation is required to ensure that all reports are published within the required timescales to afford sufficient time for the Councillors and the public to read reports.
- Regular Pulse Surveys are being undertaken to monitor and track motivation, wellbeing, support, and clarity amongst the council employees.
- Responsiveness to freedom of information requests is monitored by the Data Protection Officer and the Council's Management Team.
- It has been fed back that communication on the implications of the Best Value review and how the Council was responding to the Directions was not shared widely enough with staff in order to secure engagement and investment in the outcomes. This is being addressed as part of the refresh of the Improvement and Recovery Plan incorporating the acceleration of local government reorganisation activity towards vesting day.
- During 2024-25, the Council undertook a Residents' Survey and when comparing with the Local Government Association benchmark for how well residents feel informed by the Council, 65% of the people that participated were satisfied, well above the average of 54%.
- The Council proactively engages with residents, businesses, and partners to maintain the Council's reputation and keep users informed about priorities, services and campaigns and consultations via digital, in person and social media channels. The Council's website provides considerable transparency information.
- We are always reviewing the most appropriate ways to communicate, from formal statutory consultations through to the Council's use of social media, website, borough magazine, the Customer Portal, Borough noticeboards and direct mail. In October 2025 the Council's new website was launched with a focus on accessibility, increased search tools and a drive to self-service via online forms. Additional

digital platforms were also created for the business community to promote the jobs and skills hub, Business Spelthorne and the awards.

- We hold frequent consultations about various issues and topics, including housing developments, health and wellbeing, arts and culture, budget setting and community safety. Significant consultations during 2025/26 included local government reorganisation, community safety, HMO planning guidance, off-street parking, playground survey,

Local Plan main modifications, Design Code and Housing, homelessness strategy.

- The Spelthorne Partnership Assembly (launched in 2024) continues to facilitate residents, Councillors and representatives from organisations in the Borough to meet four times in a year to discuss concerns with the Leader of the Council and Council Officers. The last meeting took place in May 2026 with guest speaker Borough Commander Inspector Walton.

<b>GOOD GOVERNANCE PRINCIPLE B</b>		
Policy, framework or process	Owner	Last reviewed
<a href="#">Customer Charter</a>	Head of Communications and Customer Experience	2025
<a href="#">Guide to information</a>	Group Head Commissioning and Transformation	2026
<a href="#">Engagement Strategy</a>	Head of Communications and Customer Experience	2025

## C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

- The Council has an approved Corporate Plan for the period 2024/28. Supported by 136 actions which are tracked on a regular basis by senior leadership team.
- The Council has approved a Social Values Strategy which agreed a set of parameters to evaluate any purchase offers for regeneration sites. Prior to any site disposal the Council will agree a minimum site value and attach weightings to individual criterium to aid decision making and to ensure that the Council consider the social value to the Borough’s residents.
- Local Plan was signed off by the Planning Inspector as sound and approved by Council in March 2026.
- The Council has introduced hybrid mail producing a sustainable saving on each letter sent and the delivery of annual billing by email to residents saved £13,000 which had the additional environmental benefit of reducing printing.
- The Council’s data focused approach to Climate Change and Sustainability activities has seen significant reductions in production of greenhouse gases, the introduction of a hydromix within radiators in council buildings has yielded a 10% saving on heating costs during the autumn of 2025 and flooding prevention activities are monitored in terms of impact.
- The MHCLG review of homelessness reflected positively on the Council’s focus on customer service. However, previously identified improvements, as outlined in the IRP, remain a priority, particularly the need to balance this focus with the economic pressures facing the Council and managing down the cost of temporary accommodation.

GOOD GOVERNANCE PRINCIPLE C		
Policy, framework or process	Owner	Last reviewed
<a href="#">Corporate Plan</a>	Deputy Chief Executive	2024
<a href="#">Economic Strategy</a>	Interim Head of Place, Planning and Housing Strategy	2024
Net Zero programme	Group Head Commissioning and Transformation	2025
Medium Term Financial Strategy	Chief Finance Officer	2026
Capital Programme and Capital Strategy	Chief Finance Officer	2026
<a href="#">Corporate Debt Policy</a>	Chief Finance Officer	2026

## D. Determining the interventions necessary to optimise the achievement of the intended outcomes

### Interventions

- The Improvement and Recovery Plan, agreed in October 2025 and revised in February 2026, details how the Council is approaching the response to the Secretary of State's Directions as part of the Government Best Value intervention process.
- The Action Plan compiled to address areas of improvement identified in the Grant Thornton external audit report for the period 2023-24 has been subsumed into the Improvement and Recovery Plan. This included setting up a central database of strategies, which set out who the document owner is, when the document needs to be reviewed, and who has responsibility for sign-off.

### Optimise the achievement of the intended outcomes

- A performance management framework is in place to support delivery of the Corporate Plan and individual service plans, although further development is required to ensure consistent and effective application.
- There is also an organisational development framework in place including Continuous Performance Management (CPMS) reviews, one-to-ones, and clear job descriptions (which have all been reviewed as part of the preparation for local government reorganisation). A recognised inconsistent application and variable quality undermines its effectiveness.

- The Improvement and Recovery Plan (IRP) has been monitored through a series of project dashboards tracking progress through the recovery phase. The achievements in this period can be viewed at **Appendix 2**. The Revised IRP agreed in January 2026 whilst refocusing on the next implementation and improvement phase was criticised for not containing explicit milestones. A health check delivered by Newtrality who act as the Programme Director, identified the need to develop delivery plans to support each theme within the plan. Activity in 2026/27 will be focused on prioritising deliverables within the timeframe available.
- As part of the review of the IRP, it was identified that the existing suite of key performance indicators required refreshing to ensure the data provided meets the needs of the Senior Leadership Team, councillors and Commissioners in monitoring the impact of improvement activity.
- The delivery of themes within the IRP are supported by sub-boards involving workstream leads, the relevant lead commissioner and lead councillors. An internal audit of IRP Governance was completed in this period and the findings are yet to be reported
- It was identified within the risk assurance review that individual Service committees should be provided with more risk information in order to undertake scrutiny relating to their service areas.

<b>GOOD GOVERNANCE PRINCIPLE D</b>		
Policy, framework or process	Owner	Last reviewed
Financial Regulations & Standard Financial Procedures	Chief Finance Officer	2026
<a href="#">Contract Standing Orders</a>	Chief Finance Officer	2026
<a href="#">Asset Management Strategy</a>	Group Head Assets	2023

## E. Developing the entity's capacity, including the capacity of its leadership and with individuals within it

- In response to the Best Value Inspection process the Finance team structure was reviewed and additional resources were brought in where there were gaps in specialist technical knowledge. This has enabled the significant progress against the objectives within the Improvement and Recovery Plan with further activity planned in 2026/27 to support budget holders with budget monitoring using the Council's Integral 2 system.
- The resource pressures associated with the preparations for transition to West Surrey are steadily increasing and lead officers have been identified. Further resource planning to be explored in 2026/27 to utilise LGR funding to ensure key officers have capacity to respond to requests from the Surrey First programme within the required timescales and maintain business as usual activity within services.
- In relation to Councillor development beyond the initial induction programme this has not been progressed in 2025/26. Targeted activities for the new Governance Assurance approach and specifically for committees such as the Audit Committee has successfully supported the refocusing of its remit. Regular all member briefings take place fortnightly and information is shared via the Member Information Pack.
- The e-learning programme manages the updating and roll out of a wide variety of subjects, management training with specific ICT training highlighting aspects of cyber security.
- In response to concerns about capacity pressures within the Senior Leadership Team, a review was undertaken and a revised approach adopted for weekly MAT meetings. An Assurance MAT was also introduced to provide a quarterly focus on monitoring performance across a range of service areas. While further refinements may be required, an immediate reduction in meeting length has been achieved.
- There are areas within the Council where improvement activity has been impacted, and delivery is put at risk by staff absence and vacancies. Recruitment and retention remain challenging during periods of uncertainty. In response, an updated Recruitment and Retention Policy was updated in March, affected teams are diversifying approaches to support under-resourced areas, and proposals are being developed to access agency staff frameworks in order to make the workforce more resilient.
- The Surrey Learn learning and development framework gives officers access to training opportunities with additional sessions focused on Change management, managing resilience and dealing with challenging customers as examples of sessions delivered on location. Staff were given the opportunity to identify courses to upskill them. The focus for 2026/27 will be identifying the skills needed by staff in readiness for their transition to West Surrey and commissioning bite-sized sessions to make attendance easier within busy schedules.

- During 2025/26 a customer webchat system was implemented utilising Artificial Intelligence capabilities and redirecting residents to the relevant online form or connecting them to a member of staff.

<b>GOOD GOVERNANCE PRINCIPLE E</b>		
Policy, framework or process	Owner	Last reviewed
Continuous Performance Management part of Performance Management Framework	Group Head Commissioning and Transformation	2026
Equalities, Diversity and Inclusion Policy	Group Head Commissioning and Transformation	2026
Recruitment and Retention Policy	Group Head Commissioning and Transformation	2026
Staff training	Group Head Commissioning and Transformation	2026
Councillor training	Group Head of Corporate Governance	2026
<a href="#">Scheme of delegation</a>	Group Head of Corporate Governance	2026
<a href="#">Pay policy statement</a>	Group Head Commissioning and Transformation	2025

## F. Managing risks and performance through robust internal control and strong public financial management

- Financial Procedure Rules together with the Contract Standing Orders, set the framework of internal controls. Internal audit has a programme of work designed to assess how this framework operates in practice and reports to the Audit Committee.
- The Council received a 'Disclaimed Opinion' on the Statement of Accounts 2024-25 from its External Auditors, Grant Thornton, as prior assurance was not in place in relation to the opening balances. The Council received significantly fewer external audit recommendations than for 2023-24 and is making good progress on the journal of rebuilding assurance in the accounts with the aim to achieve a clean audit opinion for the 2026-27 Accounts.
- The Council in February approved a revised treasury management strategy including an investment strategy and Minimum Revenue Provision policy. The strategy demonstrates how the Statutory Direction regarding reducing borrowing and setting a prudent level of MRP are being addressed in practice. The Minimum Revenue Provision (MRP) Policy Statement for 2025/26 increased MRP to a prudent level in line with statutory guidance.
- A robust timetable for processing year end accounting information has been introduced but it is acknowledged will take time to see improved performance.
- The project to refine budget monitoring processes began in 2025/26 to enable direct budget holder scrutiny, monthly reporting to the senior leadership team and timely data to be available for councillors. Training for officers and councillors will be rolled out during May/June 2026. The increased use of the Council's Integral 2 system will improve the quality of forecasting and reporting.
- During 2025/26 a sector expert in risk management was engaged to introduce a governance assurance-based Risk Management Framework and Policy. This was approved by CPRC in January 2026, work is ongoing to implement this.
- A Corporate Assurance Register (previously the Corporate Risk Register) was in place at the start of the year to outline the Council's key strategic risks. While this was previously subject to regular review by officers and councillors, this has lapsed during the transition to the new Governance Assurance framework, resulting in reduced visibility and oversight of strategic risks by Councillors.
- The Council's Emergency Planning and Resilience arrangements are supported by Applied Resilience but with changes in staffing a programme of training has been delivered in 2025/26 to ensure readiness including incident management, internal management and rest centre training.
- Cyber Security Audit in April 2025 confirmed policies were in place and eLearning continues to be rolled out to staff including and simulated phishing exercises to test their knowledge.

- An internal audit in Sundry Debt confirmed the improvements required that had already been identified by the service. A new post has been created to lead on the aged debt process incorporating a lower threshold to implement stop checks and the new Corporate Debt Policy due to be considered by CPRC in April 2026.
- The AGS review process confirmed that further improvements are required to the Council’s procurement procedures to expedite processes. Long-standing concerns about the incompleteness of the contracts register have been brought into sharper focus through information requests from Surrey First, and the need for greater rigour in services’ contract management has become a higher priority.

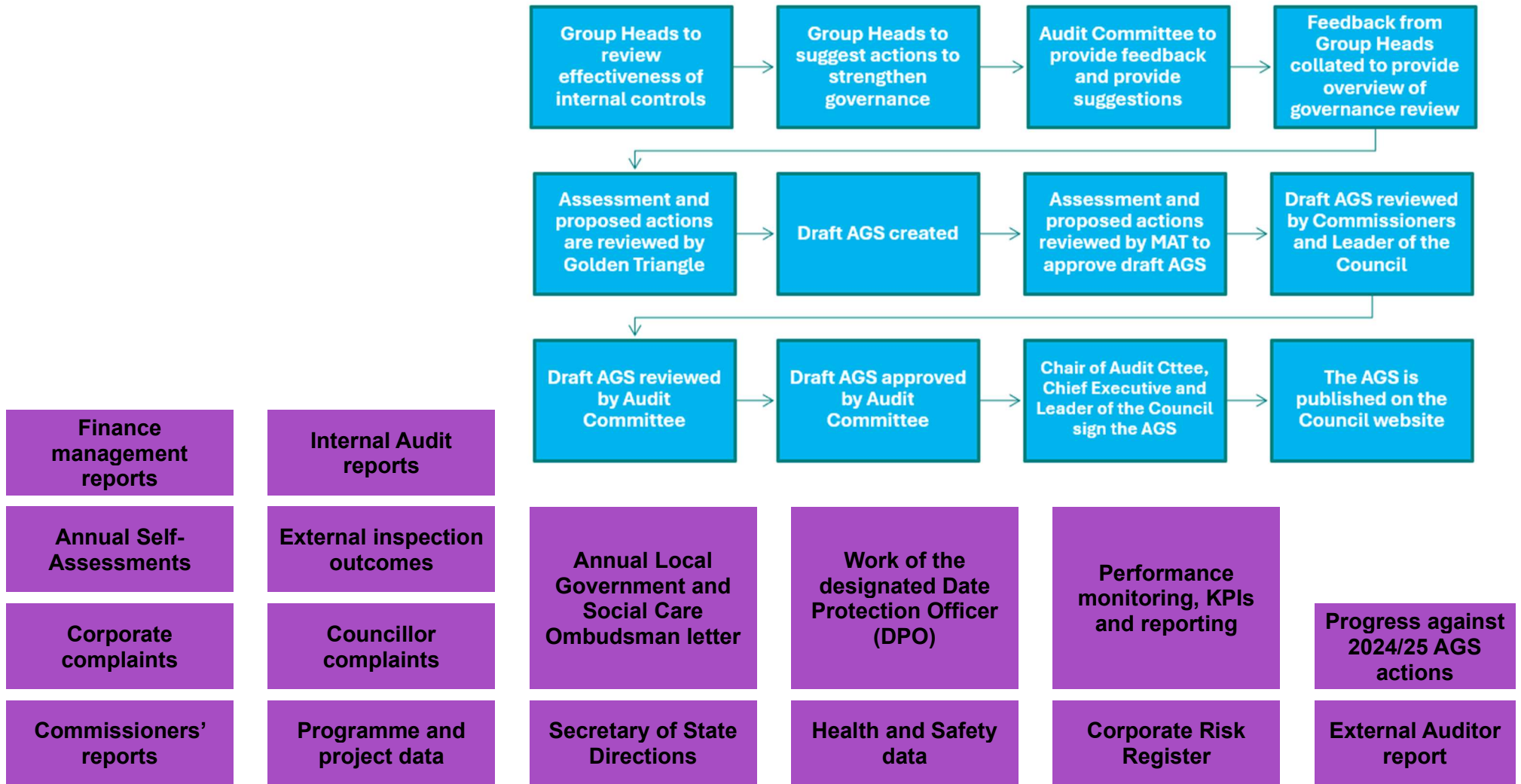
GOOD GOVERNANCE PRINCIPLE F		
Policy, framework or process	Owner	Last reviewed
Governance Assurance Process part of Performance Management Framework	Deputy Chief Executive	2026
Information Governance & Security Policies	Group Head Commissioning and Transformation	2026
Health & Safety Policy	Chief Executive	2026
<a href="#">Confidential Reporting Code (Whistleblowing)</a>	Group Head of Corporate Governance	2025
Sundry Debt Policy	Group Head Commissioning and Transformation	2026

## G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

- In response to a recommendation from the External Auditor an independent sector expert undertook a self-assessment of the Audit Committee against CIPFA guidance for Audit Committees in 2025/26. A second independent member to be recruited to the Committee and the adoption of the revised terms of reference were agreed at Council in February 2026. An annual report on the Committee's activities in 2025/26 is being prepared for submission to Council.
- Budget reporting continues to be subject to challenging timescales. Although this is a known issue, late reports or late amendments can adversely affect councillors' ability to scrutinise information effectively. Strengthened forward planning and meeting scheduling will be key to reducing reliance on late circulation and improving governance arrangements.
- A further enhancement planned for 2026/27 is the production of budget reports on a monthly basis for the senior leadership team to review the current position and be able to respond promptly to emerging issues.
- A new report template was devised to improve transparency and decision making. Its effectiveness has been periodically reviewed during 2025/26 with further amendments to the template being made in response to feedback. [Commissioners' observations in December 2025](#) indicated that further work was still required to improve both the timeliness and quality of reporting. The AGS review process has reaffirmed the challenges experienced in delivering the required improvements in relation to this objective within the Improvement and Recovery Plan. Officers have noted that the current review, quality assurance and committee timetable processes can significantly extend the time taken to implement activities. While progress has been made providing training and coaching, further work is needed to clarify the refined approval process, including when draft reports should be shared and the requirements of the template, in order to fully embed improvements and better support officers to be ready for Local Government Reorganisation.

<b>GOOD GOVERNANCE PRINCIPLE G</b>		
<b>Policy, framework or process</b>	<b>Owner</b>	<b>Last reviewed</b>
Internal Audit Plan, Annual Internal Audit Opinion and Independent Assessment of Internal Audit	Deputy Head of Southern Internal Audit Partnership (SIAP)	2026
External Auditor's Annual Report	Chief Finance Officer	2026

## APPENDIX 1 - The process for development of the AGS for 2025/26 and information considered when developing the AGS



## APPENDIX 2 – Progress on 2025/26 Annual Governance Statement improvement actions integrated into the Improvement and Recovery Plan

### IRP ACHIEVEMENTS

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#### Improving financial sustainability

- Reset the Minimum Revenue Provision (MRP) policy
- Restructured debt
- Updated the Treasury Management strategy
- Approved new Reserves Strategy
- Set a Medium-Term Financial Strategy
- Set a balanced budget for 2026/2027



#### Improving governance & assurance

- Reviewed and reset internal MAT meetings and corporate governance
- Improving report writing processes
- Started an overhaul of the 'Council's assurance' and governance (risk) approach
- Updating contract registers
- Approved a new Governance framework for the Audit Committee



#### Improving commercial, regeneration and housing

- Agreed our social value strategy
- Began work on the Staines Masterplan
- Developing affordable housing Statutory Planning guidance
- Increased staff resources to monitor/manage the demand for emergency housing
- Approved terms for disposal of two assets
- Council approved new Local Plan and Design Code



#### Strengthening and improving leadership

- Supported the standing up of the Future Surrey Local Government Reorganisation programme
- Employee engagement on the Future Surrey programme
- Responsible, with partners, for defining the Future Surrey Procurement programme
- Developed KPIs to help measure our progress towards transition

## APPENDIX 3 – Internal Auditor report to the Audit Committee

- Since April 2024 the Council has been part of the Southern Internal Audit Partnership (SIAP). All activity within the 2025/26 audit plan was concluded and progress on the 2026/27 plan is on track for completion against the short timescales due to transition to West Surrey.
- Every year, the Internal Audit function (SIAP) issues an independent opinion in an annual report concluding on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control. This comments on the risks facing the Council and the adequacy of the Council's arrangements to manage those risks. It represents one of the key assurance statements the Council receives.
- A final internal audit opinion on the framework of governance, risk management and control for 2025/26 will be concluded for contribution to and incorporation within the final version of the Annual Governance Statement (2024/25) in June 2026 when it be reported to the Audit Committee.

### Annual Internal Audit Conclusion 2025-26

I am satisfied that sufficient assurance and advisory work has been carried out to allow me to form a conclusion on the adequacy and effectiveness of the internal control environment. In my opinion the framework of governance, risk management and control are **'reasonable'**, and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

## APPENDIX 4 – External Assurance

The Council's external Auditors presented their 2024/25 Value for Money report to Audit Committee on 21<sup>st</sup> October 2025, and made 5 Key Recommendations aligned with the Improvement and Recovery Plan which were:

**KR1:** The Medium-Term Financial Plan should be updated to reflect new costs and risks identified by the best value inspection; appointment of Commissioners; and adoption of an Improvement and Recovery Plan. To update the Medium-Term Financial Plan, the Council should include all relevant additional costs associated with changes to minimum revenue provision (MRP); with asset valuations, refurbishments and upgrades; with breaks in commercial income as tenancies come up for renewal; and with the recruitment of skilled resources to lead recovery and improvement. As additional costs are identified, the impact for the Treasury Management Strategy should also be considered.

**KR2:** Best value inspectors recommended that the Council strengthen its asset function. We agree with this recommendation. Commercial skills and experience of the teams managing investment property and other properties need to be considered. Training, commercial experience and upskilling should be provided where necessary.

**KR3:** Best value inspectors recommended a comprehensive debt reduction strategy. We agree with this recommendation. The Council should work with commissioners to agree a comprehensive debt reduction strategy that includes consideration of asset lives and length of time over which it is realistic to carry debt. At the same time, the sinking fund model should be revisited regularly as more up to date and accurate information becomes available.

**KR4:** Progress with delivery of the Internal Audit programme for 2025/26, and implementation of management actions identified by Internal Audit, should be monitored carefully. During 2025/26, the Council should refine data analytics to inform internal audit planning for 2026/27.

**KR5:** Members and officers need to work collaboratively to deliver the Improvement and Recovery Plan once it is finalised, and demonstrate that the Council is leading and overseeing its improvement journey.

The full report can be viewed here: [Agenda Document for Audit Committee, 21/10/2025](#)

## APPENDIX 5 – Performance Management Framework

The Council recognises that effective performance management is a key element of good governance, supporting the use of resources, delivery of priorities and outcomes for residents. However, the effectiveness of current arrangements has been inconsistent across the organisation during the year and is a key priority within the Improvement and Recovery Plan.

The Council has a corporate Performance Management Framework in place which is intended to link strategic priorities, service plans, performance indicators and risk management. While this provides a clear structure, its application in practice is inconsistent, and it does not consistently support timely and well-informed decision-making by officers and Councillors.

Performance measures in place include:

- Key Performance Indicators (KPIs) linked to corporate priorities which are currently being refreshed
- Statutory indicators and regulatory requirements
- Local service indicators reflecting operational delivery and transformation activity
- Individual performance monitoring through the Council's Continuous Performance Management (CPM) processes

Although targets and tolerances are defined, data is not collected and reported consistently and as a result, the early identification of underperformance and the implementation of corrective actions is variable across services.

### **Monitoring, Reporting and Scrutiny**

The refocusing of Management Team meetings to introduce a focused assurance session to include service managers in routine oversight arrangements is yet to be established and effective.

The quality, consistency and timeliness of performance information varies, and this can limit the ability of both officers and Councillors to maintain a clear and up-to-date understanding of performance and to apply effective challenge where needed. Recasting meeting and reporting schedules to better reflect data collection is ongoing.

Although Service Committees, the Corporate Policy and Resources Committee and the Audit Committee all receive performance-related information within their respective remits there continues to be significant improvement required in arrangements for them to consistently support robust oversight and accountability.

### **Integration with Risk and Governance Assurance**

Underperformance and control weaknesses are not always systematically considered alongside strategic and operational risks. As a result, the Council does not consistently maintain a joined-up view of performance and risk, limiting its ability to identify, escalate and respond to emerging issues effectively. This disconnect during 2025/26 is being addressed through the new Governance Assurance framework but will require refinement to demonstrate full integration.

### Continuous Review and Improvement

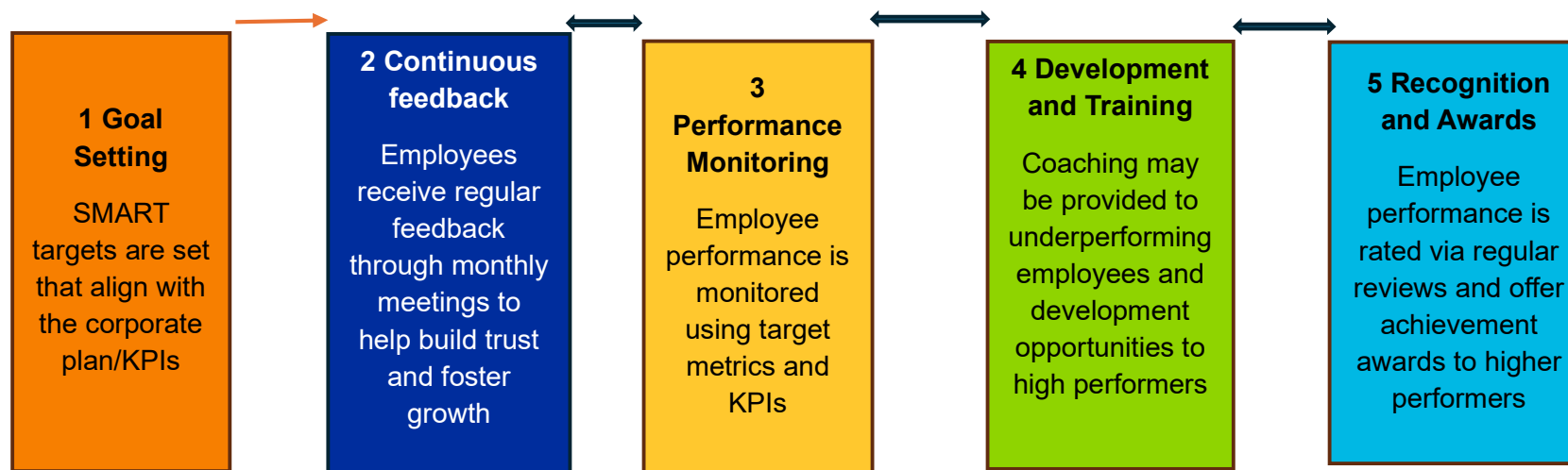
Performance information is used to support improvement activity where issues are identified. During the year, there has been a focus on strengthening performance management in key areas, including financial sustainability, service resilience and delivery of the Improvement and Recovery Plan. There are examples of good practice such as the prompt implementation of observations in internal audits. However, follow-through on agreed actions remains variable, and the approach of developing and monitoring action plans to deliver improvements is not applied consistently across the organisation.

### Assurance

While performance management arrangements are in place they currently provide limited to moderate assurance and require further development to ensure they operate consistently and effectively across the organisation.

### Employee Performance

The structured approach to managing employee performance, which links individual objectives to the Corporate Plan and relevant KPIs, has limited effectiveness in supporting organisational performance and accountability due to inconsistent application and variable quality.



## APPENDIX 6 - Governance Assurance Framework

A new Governance Assurance Policy and Framework has been designed to:

- strengthen organisational awareness of good governance,
- clearly define roles and responsibilities for assurance and action,
- provide a consistent methodology for obtaining assurance across the organisation, and
- improve the proactive identification and management of governance risks.

The new Framework places reduced emphasis on numerical risk scoring, which can be inherently subjective, and which often became the focus of discussions about risk on the previous Corporate Risk Register, and instead focuses on:

- the effectiveness of governance arrangements,
- the adequacy of internal controls, and
- the strength and quality of assurance.

This enables risks to be managed through strong systems, clear accountability, effective decision-making and robust oversight, while providing Members and stakeholders with confidence that appropriate arrangements are in place to support delivery of the Council's objectives.

### **Governance Assurance Policy and Framework**

The Framework explains how the Council obtains assurance over the effectiveness of its governance arrangements and how it manages the threats, challenges (risks) and opportunities it faces. In particular, the Framework:

- Sets out the Council's key governance assurance areas,
- Defines roles and responsibilities for assurance ownership and delivery,
- Establishes assessment, monitoring and review processes,
- Explains how assurance is reported to Members, and
- Identifies required training and development.

It covers all enabling and controlling strategies, policies and procedures, ensuring that resources are used effectively, efficiently and economically, and supports delivery of the Council's Improvement and Recovery Plan.

Development and implementation of the various elements of those arrangements have continued through to Quarter 4 of 2025/26 with the new approach due to take full effect from April/May 2026.

<b>Roles</b>	<b>Responsibilities</b>
<b>Service Committees</b>	<p>Service Committees now have a strengthened role in scrutinising governance and risk matters within their remit. In particular, they:</p> <ul style="list-style-type: none"> <li>• Scrutinise detailed governance and risk assurance reports, and</li> <li>• Receive six-monthly assurance updates relevant to their portfolio areas.</li> </ul>
<b>Audit Committee</b>	<p>The Audit Committee focuses on the overall effectiveness of the Council's governance, risk management and internal control arrangements. It provides assurance that:</p> <ul style="list-style-type: none"> <li>• Key governance and risk areas are clearly owned and effectively managed,</li> <li>• Governance arrangements are implemented, operating and monitored effectively, and</li> <li>• Officers and services are held to account for delivery.</li> </ul> <p>To support this role, the Committee will receive:</p> <ul style="list-style-type: none"> <li>• Regular governance assurance reports, and</li> <li>• In-depth "deep dive" presentations from Assurance Owners on specific governance areas and key strategic risks.</li> </ul> <p>These sessions will enable the Committee to test controls, scrutinise action plans and obtain assurance on implementation and ongoing monitoring.</p>

<b>Management Team Plus (MAT+)</b>	<p>MAT+ is responsible for ensuring that the <b>Governance Assurance Register</b> reflects the Council's most significant governance risks and strategic concerns. In particular:</p> <ul style="list-style-type: none"> <li>• Strategic risks are reviewed quarterly,</li> <li>• Each governance assurance area is owned by MAT+,</li> <li>• Individual risks are assigned to named Assurance Owners, and</li> <li>• Actions are allocated to senior managers best placed to deliver improvements.</li> </ul> <p>This leadership-led approach demonstrates a strong organisational commitment to embedding a positive and mature governance and assurance culture.</p>
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### **Governance Assurance Register/Risk Register**

The presentation, structure and content of the Council's Risk Register have been revised and re-established as a Governance Assurance Register. This reflects the shift towards identifying weaknesses, gaps or non-compliance within governance arrangements and internal controls, rather than focusing solely on likelihood and impact scoring. During the transition from a Corporate Risk Register to a Governance Assurance Register, the key risks to the Council have been kept under review by Risk/Governance owners, and MAT+, with regular updates on transitional arrangements provided to the Audit Committee.

All MAT, Service Committee and Council Reports contain a section on Risk Implications, with report authors required to outline the key risks associated with their proposals and any mitigation measures.

## APPENDIX 7 – Bodies SBC works closely with and/or whose board SBC nominates members to

There are a number of organisations which are independent from the council, but have an impact on its service areas.

In order that the council can maintain effective partnerships with a number of these organisations, representatives of the council, usually elected councillors, sit on the various committees and forums that are responsible for them.

To find the contact details for the council's representative on a particular outside body please follow the relevant link.

- [A2Dominion Customer Insight Panel](#)
- [Ashford and St Peter's Hospitals NHS Foundation Trust](#)
- [Citizens Advice Runnymede and Spelthorne](#)
- [Council for the Independent Scrutiny of Heathrow Airport](#)
- [Heathrow Local Community Forum](#)
- [Heathrow Noise and Airspace Community Forum](#)
- [PATROL \(Parking and Traffic Regulations Outside London\) Adjudication Joint Committee](#)
- [Runnymede and Spelthorne SHMA - Joint Member Liaison group](#)
- [South East Employers](#)
- [South West Middlesex Crematorium Board](#)
- [Spelthorne Mental Health Association Management Committee](#)
- [Spelthorne Safer, Stronger Partnership Board](#)
- [Strategic Aviation Special Interest Group](#)
- [Sunbury Fuel Allotment](#)
- [Surrey Environment Partnership](#)
- [Surrey Museums Partnership](#)
- [Surrey Police and Crime Panel](#)
- [Surrey Traveller Community Relations Forum](#)
- [Sustainability and Transformation Plan Stakeholder Reference Group](#)
- [Thames Landscape Strategy Partnership Executive Review Board](#)