West Surrey Shadow Authority		
Report title: West Surrey Constitution: Financial Procedure Rules		
Report to: Constitution Sub Committee		
Date: 17 September 2026		
Executive Portfolio Holder: Cllr Leslie Rice and Cllr Victoria Kiehl		
Report of Vicky Radford, Interim s151 officer		
Report author(s): Georgina Mistry, SCC Senior Finance Business Partner Vicky Radford, Interim s151 officer		
Wards affected: ALL **Ward councillors informed:** No		
Exempt from publication: No		
Key Decision: No	**If a Key Decision, date registered on Forward Plan:** n/a	

Report cleared for publication by:		
People Workstream	Shella Smith	24 August 2026
Equalities Impact Assessment complete	Name	Date
Senior Responsible Officer **(or their delegate)**	Name	Date
S151 Officer	Vicky Radford	18 August 2026
Monitoring Officer	Susan Sale	8 September 2026 2026
Executive Portfolio Holder consultation	Cllr Leslie Rice Cllr Victoria Kiehl	24 August 2026 8 September 2026
Sub Committee Chair consultation	Cllr Jo Shaw	8 September 2026
Head of Paid Service	Susan Sale on behalf of Andy Brown	8 September 2026

1. Executive Summary

1.1. This report presents and invites comment on the principles of the Financial Procedure Rules for West Surrey Council to be incorporated into the West Surrey Council Constitution from Vesting Day.

1.2. Section 9P of the Local Government Act 2000 requires every local authority to prepare, maintain, and keep up to date a formal constitution. This document controls how the local council operates, makes decisions, and handles its governance. The sections relating to Finance set out how the Council governs the manner in which the financial activity is conducted and how its financial interests are safeguarded.

1.3. It is therefore essential that the new unitary authority of West Surrey Council establishes new Financial Procedure Rules to be effective from vesting day on 1 April 2027, and that the detail of the financial regulations are agreed in time to establish required process and controls ahead of vesting day.

2. Recommendations:

2.1. It is recommended that the Constitution Sub Committee resolves to:

2.1.1. Note that the West Surrey Audit and Governance Committee considered this matter at their recent meeting and take into account their feedback;

2.1.2. Agree the proposed approach and details provided in respect of West Surrey Council's Financial Procedure Rules;

2.1.3. Provide feedback on the draft Financial Procedure Rules attached at Annex 1 to this report, 'Draft Financial Procedure Rules for West Surrey Council'.

2.1.4. Agree to receive a further report on this matter before 31 December 2026 with finalised proposed Financial Procedure Rules for West Surrey Council to be recommended to the Standards Committee.

3. Reason(s) for recommendation:

3.1. It is a legal requirement for the new unitary authority to have an approved set of Standing Orders in time for Vesting Day. Officers need a steer from Members as to the development of the Financial Procedure Rules sections of the Standing Orders.

4. Next steps

4.1. High Level Principles to Audit and Governance Committee 3 September 2026, seeking comments and feedback

4.2. High level Principles to Constitution Sub Committee 17 September 2026, seeking comments and feedback

4.3. Detailed Financial Procedure Rules to Audit and Governance Committee on a date to be confirmed in October 2026.

4.4. Detailed Financial Procedure Rules to Constitution Sub Committee (or Working Group of the Standards Committee) on 29 October 2026, for approval and recommendation to Standards Committee.

4.5. Detailed Financial Procedure Rules to Standards Committee 2 November 2026, for approval and recommendation to Shadow Authority for adoption with effect from Vesting Day.

4.6. Shadow Authority meeting on a date to be arranged prior to Vesting Day for adoption of the Financial Procedure Rules into the West Surrey Council Constitution, with effect from Vesting Day.

5. Exemption from publication

5.1. None of this report is exempt from publication.

6. Background and Proposal

6.1. Context

6.1.1. Local Government Reorganisation (LGR) and the creation of the new unitary authority of West Surrey Council requires the development of new Standing Orders, which must contain key governance procedures in respect of finance.

6.1.2. This paper sets out the approach and principles of the Financial Procedure Rules.

6.2. Financial Procedure Rules: Approach

6.2.1. An exercise was undertaken to analyse the similarities and differences between Financial Regulations/Procedure Rules from the predecessor Surrey councils, as well as from existing unitary authorities outside of Surrey. A set of Financial Procedure Rules have been drafted based on this analysis which cover all the functions and services that will be undertaken or delivered by West Surrey Council. These have been written and organised in a clear manner to ensure that all Members and Officers of the West Surrey Council understand their role and responsibilities with respect to good financial management.

6.2.2. The draft Financial Procedure Rules for West Surrey Council are attached to this report as **Annex 1**.

6.2.3. This document is currently in a draft form as there are still activities to be completed that will require updates to be made before the final version; these are highlighted in yellow:

a. Any job titles referenced in the document have currently been left as generic terms to reflect the currently unknown staffing structure of West Surrey Council. They will be updated as more information becomes available.

b. The names of policies, procedures and sections of the constitution which are referenced in the Financial Procedure Rules will have their titles and links updated as they become available.

c. Where decisions are yet to be made on financial thresholds, these have been left blank or marked TBC, and will be updated as more information becomes available.

7. Consultation

7.1. The proposed approach to developing these sections of the Standing Orders have been developed in collaboration with Officers from the Finance LGR workstream, Shadow Authority Interim Statutory Officers and related stakeholders.

7.2. The development of Standing Orders is not considered something that should be subject to public consultation.

7.3. Consultation has been undertaken with the relevant Portfolio Holders for both Finance and Governance and the Sub Committee Chair, and their comments may be fed back verbally to the Constitution Sub Committee verbally at their meeting on 17 September.

7.4. This report has also been considered by the Audit and Governance Committee at their meeting on 3 September 2026 as they have responsibility for developing a system of internal controls including arrangements for financial management.

7.5 The Audit and Governance Committee supported the proposed approach and high-level principles and identified a number of matters for further consideration in developing the detailed Financial Procedure Rules. These included:

a) ensuring appropriate Member oversight of significant financial decisions, including consideration of appropriate thresholds for Executive and Full Council approval;

b) providing a clear rationale and benchmarking for proposed financial thresholds and, where appropriate, options for Member consideration;
c) strengthening arrangements for the monitoring and escalation of budget variances, including expenditure, income, savings delivery and contract spend;
d) ensuring consistency between the Financial Procedure Rules and Contract and Procurement Procedure Rules, including the thresholds applying to contract variations and increases in expenditure;
e) considering appropriate arrangements for fees and charges, including transitional arrangements where existing charges differ significantly between predecessor councils;
f) reviewing the proposed arrangements for budget carry-forwards, debt write-offs and reporting of significant financial irregularities; and
g) providing clarity on the role and governance of boards and panels referred to within the Financial Procedure Rules.

7.6 The Audit and Governance Committee requested a clear audit trail demonstrating how its comments had been considered. Officers agreed that, when the detailed Rules return, a schedule would be provided setting out the points raised, the response or action taken and how each point had been addressed in the revised draft.

8. Key Risks

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

8.2. These risks can be best mitigated by continuing to develop the procedures according to the approaches set out above.

9. Options

9.1. None – comment is required to support the development of the procedure rules.

10. Issues for Consideration

10.1. Financial Implications

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

10.1.2. There may be financial and value for money implications should the authority elect to set financial thresholds different to those proposed, for example reducing the proposed thresholds would require increased resources to deliver the procurement pipeline so would have to be considered against the value for money of doing so.

10.2. Section 151 Officer Commentary

10.2.1. West Surrey will operate in a very challenging financial environment, with significant budgetary pressures and limited financial resources from 2027/28 (Vesting Day), coupled with increasing demand and costs of services, and reducing government funding. West Surrey Council will be increasingly reliant on Council Tax as the primary source of income.

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

10.2.3. Financial Procedure Rules underpin the organisations financial governance and it is critical we have those rules in place before vesting day to enable that governance to be set. There is a direct relationship between the rules and the finance systems and processes which will need to be incorporated into the ERP build for West Surrey.

10.2.4. All officers of the Council are required to sign up to the constitution and are bound by the procedure rules.

10.3. Legal Implications

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

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

10.3.3 Failure to adopt financial procedure rules before Vesting Day would create a legal and governance risk.

10.4. Monitoring Officer Commentary

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

10.5. People/Human Resources Implications

10.5.1 There are no direct People or Human Resources implications arising from this report. The draft Financial Procedure Rules will, however, apply to officers of West Surrey Council once adopted as part of the Constitution and will need to be reflected in induction, guidance and any relevant training for staff with financial responsibilities. Any references to officer roles or responsibilities will need to be updated as the organisational structure for West Surrey Council is finalised, to ensure accountabilities are clear and aligned with the new operating model from Vesting Day.

10.6. Equality and Diversity Implications

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

10.7. Climate Change and Sustainability Implications

10.7.1. There are no climate change and sustainability impacts arising directly from this report. However, sustainability and related considerations will be taken at the time any applicable individual procurement or financial transaction undertaken.

10.8. Stakeholders Implications

10.8.1 None anticipated

11. Overview & Scrutiny Comments

11.1 Not applicable

12. List of Appendices

ANNEX 1: Draft Finance Procedure Rules for West Surrey Council

13. List of Background papers

The West Surrey Shadow Authority Constitution