

APPENDIX C - CPRC GOVERNANCE AREA REPORT – FINANCIAL MANAGEMENT OCTOBER 12th 2026

ASSURANCE AREA					
Ensuring the Council's financial management and long-term planning arrangements are effective to secure financial sustainability					
ASSURANCE DESCRIPTION					
Maintaining control and accountability of the Council's finances is one of our fundamental responsibilities, As such we need to have in place an effective and efficient financial management framework that enables us to manage our financial resources to meet our corporate objectives. The Council is under extreme pressure to demonstrate how it can manage its budget and ensure financial sustainability moving forward and pass that sustainable position on to West Surrey. It faces a particularly significant financial risk with respect to the need to realise significant capital receipts in 2026/27 in order to reduce the Minimum Revenue Provision charge to Revenue in 2027/28.					
ASSURANCE ASSESSMENT					
Maintaining control and accountability of the Council's finances is one of our fundamental responsibilities, As such we need to have in place an effective and efficient financial management framework that enables us to manage our financial resources to meet our corporate objectives. The Council is under extreme pressure to demonstrate how it can manage its budget and ensure financial sustainability moving forward. Irrespective of the actual financial resources the Council has, we need to have a sound financial management framework in place. We also have a responsibility to demonstrate to incoming West Surrey that we are passing on a sustainable financial position. Council set a balanced Budget for 2026-27 and a Capital Programme for 2026-27 without need for any additional Borrowing. Updated Medium-Term Financial Strategy (MTFS) and Reserves Strategy indicates there will still be reserves balances at end of 2028-29. However, this is dependent on the Council achieving investment asset sales in 2026/27 in line with the levels assumed in the MTFS. We know due to one sale not completing in 2025/26 MRP for 2026/27 will be £5m higher than the Budget anticipated, before then dropping away if that asset is sold in 2026/27.					
ASSURANCE OWNER	Altin Bozhani	FOCUS/ISSUE/CONCERN	Focus	LEVEL OF ASSURANCE (High/Medium/Low)	Medium

	Assurance Action	Action Owner	Current RAG status	Performance Update	Next steps (including completion/review date)
1	Ensure that the Council has appropriate financial procedures and policies in place. Reviewed annually.	Altin Bozhani - Interim Deputy Chief Finance Officer	Amber	Review and any required amendments progressing as part of 2025-26 year-end processes.	The process will be completed once external and internal audit complete their review and feedback findings. Review date 30.09.26. Any further work will be linked to West Surrey LGR process.
2	Review the Council's Financial Regulations (FRs) to ensure they are fit for purpose, reflect good practice and are complied with.	Altin Bozhani	Amber	Financial Regulations updated and approved in April 2026 to reflect amendments relating to sales ledger parameters, arising from an Internal Audit.	Any further work on review of FRs to be fed into process for development of new FRs for West Surrey Council as part of LGR process. Progress review date 30.09.26.
3	Ensure that the Council prepares and maintains a robust MTFS, and protects the medium-term financial sustainability of both itself and that of West Surrey Council.	Altin Bozhani	Amber	Updated MTFS approved by CPRC (November) and Council (December) as part of Improvement and Recovery Plan (IRP) workstream. Balanced budget approved by Council (26 Feb) without need for exceptional financial support. Projections indicate that reserves will not be exhausted by 31/3/28. Provisional Outturn report for 2026/27 identified that £5m less	IRP Board will continue to oversee asset rationalisation plan through Commercial theme. Review date 21.09.26

				reserves were required to balance 2025/26 outturn than projected when the MTFS was updated. However, following Collection Fund adjustments, usage of reserves will increase by £1.9m for 2025-26 outturn compared to original outturn. £5m more reserves will be required to be used in 26/27 to offset the impact of higher Minimum Revenue Provision (MRP) as a result of the slippage of sale of an investment site in Sunbury. Key reason MTFS is amber is the dependency on achieving £170m (£15m slippage from 2025/26 plus £155m 2026/27 target) capital receipts in 2026/27 in order to bring Capital Financing Requirement and MRP down in line with projections for 2027/18 for West Surrey Council. Additionally, we are reviewing the impact on use of reserves which is becoming increasingly challenging. We also need to assess implications and options for West Surrey with respect to BP site.	
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4	Review the Council's budget setting guidance and process to ensure it is effective.	Altin Bozhani	Green	Budget setting guidance issued for 2026-27. Budget set for 2026-27 at Council (Feb 2026).	The budget setting process for West Surrey is underway. The current guidance will be reviewed in line of findings from other LAs as part of the process.
5	Ensure that the Council has appropriate budget monitoring guidance in place.	Altin Bozhani	Amber	Guidance provided via the training programme delivered. A video covering the system and the forecast approach was produced. Work still to be done on updating current guidance on the light of LGR requirements as well.	More work to be done to improve the monitoring cycle, clarity of reports. To work with members of Financial Reporting Group. Review date 30.09.26.
6	Review the Council's capital strategy and programme to ensure it is fit for purpose and affordable.	Peter Worth-Interim part time Treasury Management Accountant	Green	Capital Programme and Strategy approved by Council (26 Feb) for 2026-27. Approved without the need for any additional borrowing.	Capital Spend will be reported on in the quarterly monitoring reports going to CPRC.
7	Ensure that arrangements are in place to secure effective Member scrutiny of the Council's financial policies and procedures.	Altin Bozhani	Green	Progress has been made. Improvements still being embedded to ensure they become business as usual. New process encapsulates online monitoring. Reports streamlined.	Monitoring timetable has been agreed and implemented as part of Month 2 forecast cycle.
8	Ensure there is comprehensive training provided and undertaken by all budget holders and that they meet the requirements of the financial competency framework.	Altin Bozhani	Amber	Process, system, culture change and training have been provided for finance and budget holders. It was completed during May 2026 and implemented in practice for Month 2 forecast cycle.	Allow time for this to become embedded and evaluate the impact of that training. Review date 30.09.26. Training programme for Councillors to be identified and rolled out. A

					training session on local government finance for councillors was provided on 23 rd September. Target completion date 30.09.26.
9	Ensure that the Finance Team has sufficient capacity and expertise to support effective financial management.	Terry Collier- Deputy Chief Executive	Amber	Significant work undertaken to improve capacity. Additional team members with significant experience and skills recruited included part time collection fund accountancy consultant, TM accountant, closing accountants, new DCFO. Finance team structure reviewed and restructured in November 2025. A really productive team away day took place in May. One member left the team and an internal recruitment process was undertaken to fill the post with a recruitment from another service area.	Continuously refresh the skills of the team. Review date 30.09.26.
10	Undertake regular reviews of the Council's financial management arrangements to ensure they align with CIPFAs FM Code.	Altin Bozhani	Amber	Plans in place to undertake assessment as part of the 25/26 accounts closing process.	Proposal to Improvement and Recovery Board to drop this action, given close proximity to Vesting Day that undertaking the review would not be a worthwhile use of resources and would deliver from key priority

					deliverables. So will not be undertaken.
11	Progress improving the robustness of the statement of accounts and move to position where external audit are able to issue a positive (non-disclaimer opinion).	Altin Bozhani	Amber	Plans in place to undertake assessment as part of the 25/26 accounts closing process. Draft Outturn report approved by CPRC May 26th.	Being managed through close of accounts plan. Review date 30.09.26.

Related Improvement and Recovery Plan Theme High Priority Outcomes:

Theme 2: Improving Financial Sustainability

2.1 To produce an update on the MTFS (Medium Term Financial Strategy) position for the period FY27/28 to FY29/30 to be approved by the Council by the end of December 2026. The update will reflect the latest forecast financial position at the time of being developed.

2.2 Develop and agree a savings plan for the current financial year (FY26/27) and then deliver the plan to achieve a minimum of £1m of in-year, recurring annual savings (rather than one-off savings) this financial year.

2.3 Identify savings options for the financial year (FY27/28) to feed into West Surrey a.

2.4 Produce final accounts for the last financial year (FY25/26) that when audited will address the 5 key recommendations highlighted by the External Auditors follow a review of the FY24/25 annual accounts.

2.5 Develop and agree a plan with the West Surrey Section 151 Officer (once appointed) to produce the accounts for the current financial year (FY26/27).

Corporate KPIs

	KPI description	Frequency	Target	Corporate priority	Progress update
F5	% of saving target achieved	Quarterly	20% of outstanding running savings project (£1.798m)	Resilience	Validation of in-year savings still in progress.
F2	Finance - monthly reports Ensure all reports are issued to Group Heads, MAT & Committee Services within the agreed timetable.	Monthly	Within agreed timeline		Outturn Report met all required deadlines. Month 2 Reports met all deadlines.
F3	Finance – whole team – Draft Statement of Accounts Publish the annual draft unaudited Statement of Accounts by the statutory deadline of 30th June.	Annually	30th June		Delayed (see note below) *
F4	Finance - whole team - statutory returns Ensure that all statutory returns are completed and ready for review by the Chief Accountant or S151 Officer at least 5 working days before the deadline.	Monthly	5 working days before the deadline		The team has a register of all statutory returns which are monitored on a weekly basis
F6	Treasury Management – Ensure that SBC borrowings do not exceed the authorised limits and operational boundary	Daily	100%	Resilience	Ongoing and achieved daily

* Draft Statement of Accounts: The delay was due to several corrections attributable to prior year adjustments in Collection Fund we found, which created disbalances in our statements. Those had an impact on entire Statement of Accounts. We brought in external expertise to assist in identifying and correcting the issues. The draft Statement was published on 4th September.

Unfortunately, certain errors and corrections come to light only when we do detail and time-consuming work at year end and that is because of sheer number of transactions and treatment we have in our finance system, including last minute information that comes through from external partners, like group accounts. Given the issues we faced last year and the audit recommendations we have been very prudent to make sure every corner is turned and reviewed. The review has helped us to plan further improvements going forward so we do not face the same situation. Such improvements include:

- Doing soft close during the year, like month 6 on some areas.
- A complete soft close in December 2026 or January 2027.

The above will allow us to deal with issues much earlier in time and with due diligence.

It is important to emphasise that judging by the number of recommendations and the feedback from external and internal auditors the Council has been on a very noticeable improvement journey and some processes take a bit longer to yield results as they depend on several factors.