

SPELTHORNE BOROUGH COUNCIL DIRECTIONS UNDER SECTION 15(5) AND (6) OF THE LOCAL GOVERNMENT ACT 1999

1. The Secretary of State for Housing, Communities and Local Government (“the Secretary of State”) has carefully considered the following in respect of Spelthorne Borough Council (“the Authority”):
 - a) The Spelthorne Best Value Inspection Report, published on 17 March 2025.
 - b) Invitations issued by MHCLG to Surrey councils regarding possible reorganisation, published on 6 February 2025.
 - c) The Grant Thornton 2023/24 audit report.
 - d) The Chartered Institute of Public Finance and Accountancy (CIPFA) Capital assurance review, published May 2024.
 - e) The Local Government Association’s Corporate Peer Challenge report, published February 2023.
 - f) The representation made on 28 March 2025 by the Authority on the Best Value Inspection Report and on the proposed Directions.
 - g) 12 representations made by 10 interested parties during the period of representation (17-28 March 2025).
2. The Secretary of State is satisfied that the Authority is failing to comply with the requirements of Part I of the Local Government Act 1999 (“the 1999 Act”).
3. The Secretary of State, having considered the representations made by the Authority as required by section 15(9) of the 1999 Act, and those matters listed above, considers it necessary and expedient, in accordance with his powers under section 15(5) and (6) of the 1999 Act, to direct the Authority as set out below in order to secure the Authority’s compliance with the requirements of Part I of the 1999 Act, in particular:
 - Provide the additional scrutiny, external challenge, advice and monitoring needed to oversee the improvements.
 - Address systemic weaknesses in the Authority’s governance functions, to secure improvements in transparency and formal decision making.
 - Deliver financial sustainability by closing any short or long-term budget gaps and reducing the Authority’s exceptionally high level of external borrowing.
 - Increase corporate grip of the Authority’s risk management and ensure compliance with all relevant rules and guidelines relating to the financial and debt management of the Authority.
 - Strengthen the commercial decision-making, regeneration, property management and procurement functions of the Authority to address the serious failings in these areas over recent years and ensure conformity with the Best Value Duty.
 - Agree as necessary any changes needed to the Authority’s operating model and transformation of council services to achieve value for money and financial sustainability, taking account of any decisions relating to proposals for unitary local government in the Surrey area.
 - Rebuild trust and reset the organisational culture.
4. Pursuant to his powers under section 15(5) and (6) of the 1999 Act, the Secretary of State directs:

- a) The Authority to take the actions set out in Annex A to these Directions;
 - b) That the functions of the Authority specified in Annex B to these Directions shall be exercised from the date of these Directions by the Commissioners acting jointly or severally; the Commissioners being persons nominated by the Secretary of State for the purposes of these Directions as long as those nominations are in force.
 - c) That, from the date of these Directions, the Authority shall comply with any instructions of the Commissioners in relation to the exercise of the functions specified in Annex B, and shall provide such information and assistance as the Commissioners may require for the purpose of exercising the functions specified in Annex B.
5. These Directions shall remain in force until 31 May 2030 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Signed on behalf of the Secretary of State for Housing, Communities and Local Government.

James Blythe
Deputy Director, Local Government Stewardship and Interventions

ACTION THE AUTHORITY IS REQUIRED TO TAKE

In this Annex, the following expressions have the following meanings:

“the Authority” includes the Leader, the Cabinet, members of the Cabinet, any committee or sub-committee of the executive, any committee or subcommittee of Spelthorne Borough Council, any officer of Spelthorne Borough Council or any other person who has responsibility for exercising the function or other decision making in relation to the matter in question.

The actions to be taken by the Authority are:

1. Prepare and agree an Improvement and Recovery Plan to the satisfaction of the Commissioners, within 6 months, with resource allocated accordingly. This should integrate relevant contents and recommendations of the Best Value Inspection, published on 17 March, the Grant Thornton 2023/24 audit report and July 2023 CIPFA Capital assurance review. The plan should feature a comprehensive performance management framework that sets out measures to be undertaken, together with milestones and delivery targets against which to measure performance, to deliver rapid and sustainable improvements in governance, finance, property, housing, and commercial functions, thereby securing compliance with the best value duty. This programme should build on existing work to reset the culture of the organisation. The Improvement and Recovery Plan should include at a minimum:
 - a. 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.
 - b. A plan to ensure the Authority’s capital, investment and treasury management strategies are sustainable and affordable, including an asset rationalisation programme for assets and commercial investments.
 - c. 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.
 - d. A plan to overhaul the governance arrangements within the authority with regards to decision-making, capacity and skills, aiming to increase transparency, scrutiny and effectiveness of the committee system to ensure that collective responsibility is taken for the Authority’s decision-making.
 - e. A plan to review and update the sinking fund, taking a long-term view of potential risks and financial consequences with accurate income and expenditure forecasts, and with adequate provisions made for future costs.
 - f. A plan to ensure the Authority is complying with all relevant rules and guidelines relating to the financial management of the Authority, including updating the minimum revenue provision (MRP) policy.
 - g. A plan to reconfigure the Authority’s services commensurate with the Authority’s available financial resources.

- h. A plan to strengthen the Authority's financial and commercial functions, and to secure improvements in risk management, governance and the internal audit function, with the guidance and to the satisfaction of the Commissioners.
 - i. A plan 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 regeneration sites.
 - j. A realistic plan to deliver housing numbers outlined in its Local Plan and assess the viability of Knowle Green Estates, developing a business case and future options for the company and the housing it currently manages.
 - k. A fully costed programme of cultural change to rebuild trust between officers and members and ensures both Members and Officers understand their respective roles and the way in which the Authority and its activities are regulated and governed.
 - l. A plan to ensure that the Authority has sufficient skills, capabilities and capacity to deliver the Improvement and Recovery Plan, within a robust officer structure, including appropriate commercial expertise and capacity.
- 2. To actively work with Commissioners on the work with other councils in the Surrey area for unitary local government and on implementing any such proposals later agreed upon.
- 3. Within one month of the date of these Directions, initiate a full and open recruitment exercise for a suitable permanent appointment to lead the improvement work in the Authority and progress against these Directions. For the avoidance of doubt, an existing employee of the Authority may be appointed to the position provided that such person is a suitable permanent appointment to that position.
- 4. To publicly report to the Commissioners on the delivery of the Improvement and Recovery Plan after three months, six months and thereafter at six-monthly intervals, or at such intervals as Commissioners may direct.
- 5. To undertake in the exercise of any of its functions any action that the Commissioners may reasonably require to avoid, so far as practicable, incidents of poor governance, poor financial governance or financial mismanagement that would, in the reasonable opinion of the Commissioners, give rise to the risk of further failures by the Authority to comply with the best value duty.
- 6. To allow Commissioners to appoint, where necessary, independent external advisors and to procure independent external advice.
- 7. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary:
 - a. to any premises of the Authority;
 - b. to any document relating to the Authority; and
 - c. to any employee or member of the Authority.

8. To provide the Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions.
9. To pay the Commissioners reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
10. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request.
11. To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of these Directions.

ANNEX B

FUNCTIONS OF THE AUTHORITY TO BE EXERCISED BY THE COMMISSIONERS

In this Annex,

“the Authority” includes the Leader, the Cabinet, members of the Cabinet, any committee or sub-committee of the executive, any committee or subcommittee of Spelthorne Borough Council, any officer of Spelthorne Borough Council or any other person who has responsibility for exercising the function or other decision making in relation to the matter in question.

“Statutory Officer” means any of: the Head of Paid Service designated under section 4(1) of the Local Government and Housing Act 1989; the Chief Financial Officer designated as having responsibility for the administration of the Authority’s financial affairs under section 151 of the Local Government Act 1972; the Monitoring Officer designated under section 5(1) of the Local Government and Housing Act 1989; and the Scrutiny Officer designated under section 9FB of the Local Government Act 2000 (and the expressions “statutory officer” and “statutory office” are to be construed accordingly).

“Senior officer” and “Senior positions” are defined as the Chief Executive, direct reports to the Chief Executive and their direct reports – tiers one, two and three.

The Commissioners shall exercise:

1. All functions associated with the governance, scrutiny and transparency of strategic decision making by the Authority.
2. All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority.
3. The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority’s financial affairs, and all functions associated with the strategic financial management of the Authority, to include:
 - a. providing advice and challenge to the Authority on the preparation and implementation of a detailed action plan to achieve financial sustainability, and to close any short and long-term budget gaps identified by the Authority across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan;
 - b. providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy (MTFS) for the Authority, strictly limiting future borrowing and capital spending;

- c. scrutiny of all in-year amendments to annual budgets;
 - d. the power to propose amendments to budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty;
 - e. providing advice and challenge to the Authority on the preparation of sustainable and affordable capital, investment, treasury management, and commercial strategies; a strict debt reduction plan; a revised minimum revenue provision (MRP) policy; and sinking fund review
 - f. providing advice and challenge to the Authority on a suitable scheme of delegations for financial decision-making;
 - g. ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.
4. All functions associated with commercial decision-making, regeneration, property management, procurement and the management of commercial activity by the Authority.
 5. All functions associated with the Authority's operating model and redesign of the Authority's services to achieve value for money and financial sustainability.
 6. All functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as senior officers and statutory officers, and the designation of those persons as senior officers or statutory officers, to include:
 - a. The functions of designating a person as a senior officer or statutory officer and removing a person from a senior position or statutory office.
 - b. The functions under section 112 of the Local Government Act 1972 of:
 - i. appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a senior officer or statutory officer; and
 - ii. dismissing any person who has been designated as a senior officer or statutory officer from his or her position as an officer of the Authority.
 7. All functions to define the officer structure for the senior positions, to determine the recruitment processes and then to recruit the relevant staff to those positions.
 8. All functions pertaining to the development, oversight and operation of an enhanced performance management framework for officers holding senior positions.