

Sixth Six-Monthly Report of Commissioners

Woking Borough Council

16 February 2026

Introduction

1. This six-monthly report presents a picture of Woking Borough Council's substantial progress in addressing the local authority's significant historic failings. Previous reports have pointed, progressively, to improvements in the governance arrangements underpinning the Council's operations; an overhaul of financial systems and procedures, together with steps towards a financially resilient Council; and a thorough examination of Woking's company portfolio. This continues, and this report registers further developments towards establishing a 'fit for purpose' Council. These advancements are notable, but there remain some areas where certain aspects of the Council's operation still need to be resolved. This report also highlights these areas of concern. The ongoing impact of the impending creation of the West Surrey Unitary Authority is also addressed.

Governance

2. The fundamental governance weaknesses, which were the cause of the Council's failings have, in large part, been eliminated following a root-and-branch review of the Constitution. The decision-making process remains sound, and the interface between members and officers recognises the respective roles in a way which contributes to the effective administration of the Council. A member skills audit has been completed, and training has been offered in some of the main areas identified to enable members to effectively discharge their roles. The delegation scheme, which relates to officer decision-making, continues to be clear and efficiently delivered. Work has been undertaken to ensure that sound governance arrangements are understood by the Council, management and the wider workforce, and are practised accordingly, and this is reflected in the training being undertaken.
3. With regard to Council owned companies, a review of commercial governance has been undertaken which strengthens the respective roles of the local authority, its officers, the Shareholder Executive Committee, and company boards and their directors. This is soon to be approved by Council, and the revised framework will then be embodied in the Council's Constitution. There is an up-to-date set of contract standing orders reflecting legislative changes and identifying the respective roles in procurement decision making.
4. Much of the concern of Commissioners regarding the Council's historic failings has related to the shortcomings in risk management. A robust

approach to risk is now in place, and systems and procedures across the Council wholly accommodate the concept of risk. This is now complemented by work being undertaken to embed risk through the local authority, and good progress has been made to date. The role of the Audit and Governance Committee has been expanded to include a regular review of the strategic risk register.

Finance

5. Since the last report, there has been considerable progress in the operation of the finance function, and the overall skills and capacity within the organisation. It is the Commissioners' view that finance has now moved from recovery towards an improvement journey.
6. The financial systems upgrade has been an enabler for improved financial control, and the Council has taken the opportunity to tighten establishment control and reconciliation. The Financial Control Panel has remained as an important feature of financial grip, and levels and frequency will be reviewed as the Council moves towards local government reorganisation.
7. The 2025/26 budget is currently projecting a £1.6m overspend on Council services, offset by an underspend in capital financing costs. Overall, it is anticipated that the Council will achieve an outturn for 2025/26 within budget. Analysis of the budget has indicated that there are historic structural issues relating to housing benefit grants and car parking income; these issues have been addressed in the preparation of the 2026/27 budget. We now expect that the service budgets will be less volatile than previous years as a result. The Council still needs to focus on the delivery of the budget, and the Quarter 1 budget monitoring figures will be used as a test of this focus on delivery.
8. The preparation of the 2026/27 budget started early in the autumn and involved service managers in a series of 'Star Chambers' to challenge assumptions about growth and savings. This was a step change for the Council and meant that a draft budget was available much earlier than in previous years. The £500m of debt support from government announced in September was an accumulation of weeks of hard work by the finance team in a very technical area that is literally unprecedented. The culmination of this was a budget proposal for the Council's core (non-commercial) budget that does not rely on Exceptional Financial Support (EFS) and an early application for EFS in relation to the capital financing costs for commercial activities. The proposed budget requires further work as of January 2026, but Commissioners are confident that a balanced position will be presented for agreement by Full Council.
9. The debt support proposals and the interaction with capital financing costs require complex analysis and robust technical accounting, and the Council

has demonstrated it has the financial competency and capability to achieve this. The impact will inevitably inform the medium term financial strategy of any future Council post LGR, and we will work with the Council to ensure that the appropriate handover arrangements are in place.

10. The Council's external debt has remained at a stable level during the year, and the debt standstill arrangements with Council owned companies remain in place. The Council's capital programme remains limited in scope, and other than fully grant funded projects, planned spending is limited to statutory requirements, including essential health and safety. We recognise that this is not an optimum situation for the Council but is essential to keep borrowing restrained.
11. The Council is working with MHCLG and Treasury to define the parameters of the £500m debt support, which should reduce the Council's external debt to circa £1.5bn when enacted. 2026/27 should also see the delivery of substantial capital receipts which will further reduce the quantum of debt. It is expected that these capital receipts will be used to extinguish short term debt requirements in order to reduce refinancing and interest rate risk moving forward.
12. During the autumn, progress was made in filling key vacancies, and the successful recruitment of staff is a significant milestone, especially given the intervention and the local government reorganisation announcement. Some interim cover will continue to be required, especially in technical areas that support the disposal of assets in the commercial workstream. The financial capacity and capability of the Council have demonstrably improved over the last few months, and the recruitment of staff and specialist support has been a contributory factor.
13. The last report expressed disappointment with the situation relating to the sign-off of historic final accounts. These have now been signed off by the external auditor, with disclaimed opinions and adverse value-for-money judgements. Whilst the completion of this long overdue task is good news, Commissioners are still of the opinion that this should have been expedited in a more effective manner. A number of questions were asked at the Audit and Governance Committee when the accounts for the four years 2019 to 2023 were approved. Whilst these remain unanswered at this point in time, we look forward to working with external auditors to ensure that the process is as up to date as possible before vesting day.

Commercial

14. Since our last report, the asset disposal programme has become clearer having gone through many iterations before reaching this point. The highlights of the disposal programme are:

- a. It is planned that the retail units of both the company and the Council will be combined to produce a marriage value and to reduce resource pressures. The majority of detailed title and tenancy agreements are now in hand subject to agreement on some technical details. Following team level and Commissioner scrutiny, this substantial real estate block proposal will be taken to Full Council in March 2026 for approval to market the asset.
 - b. The residential tower blocks, known as 'The Marches', are also market ready and permission will be sought also from the Council in March 2026 to go to market.
 - c. The Hilton Hotel is subject to the resolution of external cladding reparation. It is anticipated that the hotel will go to market in autumn 2026 when this work is completed by the main contractor.
 - d. The housing stock, held by ThamesWey Housing Ltd, is undergoing an options appraisal. This stock will be taken to market once a viable option is identified and approved.
15. All of the disposals described above, other than the housing stock, are predicated on the Council's ability to give sufficient indemnity to the market on the security of energy, heating and cooling supply to these assets. This will mean that the Council will take a closer responsibility for the management of the energy company, ThamesWey Energy Ltd., which will be retained for an indefinite period of time to stabilise operations and support the sale of other assets. Meanwhile, asset sales outside of the town centre continue to progress and are, in general, achieving better outcomes than valuations.
16. All of the Council owned companies remain reliant on a continuing debt standstill provided by the council. Due to the scale of debt in the companies, they remain balance sheet insolvent but are performing better through tighter cash management. They rely on the continued support from the Council to enable the sale of assets.
17. The Shareholder Executive Committee (SEC) continues to perform well in giving guidance to the companies. The chair and deputy chair of SEC are kept well briefed outside of the formal meetings. The SEC is now better prepared to be able to make informed decisions on the complex issues raised by the divestment programme.
18. It has been a turbulent six months for the company boards and their Chairs. During this time, two Chairs have moved on, meaning the Boards have had to be restructured. The appointment of an experienced Corporate Restructuring Officer (CRO), as directed by the Commissioners, has given rigour to the Boards and their decision-making processes. The CRO has also strengthened

the business-as-usual operational management. This has enabled senior directors greater flexibility to concentrate on the prime objective of divestment of assets.

19. Following a review of the Council's Company Governance Framework, the companies will adjust their governance arrangements to reflect this, when adopted. This is going to the Council for approval in February 2026.
20. There has been good progress in recent months to harmonise the working relationship between the Council and the companies, in particular, work to produce a unified programme which has been subject to a critical path analysis of key decision points. The Joint Commercial Programme Group meets fortnightly to gain mutual understanding of and co-ordinate the actions needed to deliver the strategic goals. This group also informs Woking Borough Council of key decisions to be taken and the resource requirements needed to meet the programme.
21. It is now clear that not all disposals and company issues will be concluded by vesting day, 1 April 2027, of the new West Surrey Unitary Authority. The Council, therefore, needs to turn its attention to ensuring there are clear plans for the completion of the longer-term elements of the divestment programme. These will include:
 - a. eventual divestment of the energy network and company, ThamesWey Energy Ltd.
 - b. divestment of housing stock and closure of the housing company, ThamesWey Housing Ltd.
 - c. management of the sale and development of the Sheerwater housing scheme.
 - d. development of a car park asset strategy.
22. It will be important for the new authority to understand and be able to manage the liabilities, risks and financial implications of these plans. Woking Borough Council must, therefore, be clear about what is being handed over, the resources required to manage it and communicate this effectively to the new West Surrey Unitary Authority. Commissioners will support the Council in doing this.

Transformation and Culture

23. The recasting of the Woking for All Strategy (mentioned in paragraph 11 of the Commissioners' fifth report) has proved effective and helped the Council to prioritise appropriately and maintain focus on the Improvement and Recovery Plan. Appropriate systems of monitoring the delivery of the Strategy are in place, and its next refresh, planned for early 2026, will be 'light touch' to

maintain focus especially in light of the work required to deliver a safe and legal transition to the new West Surrey Unitary Authority. The delivery and management of the strategy can be regarded as business-as-usual activity monitored through the Council's Corporate Leadership Team and the Executive.

24. The retirement of a Strategic Director and the progress the Council has made in delivery of the Improvement and Recovery Plan has enabled it to reduce its management overhead by redistributing the significant responsibilities previously discharged by that Director. It remains an area of close scrutiny by Commissioners to ensure that any gaps in capability and capacity are filled quickly. Considerable input from across the Council will be required to deliver the company divestment strategy, and this may require some specialist expertise to be secured, but the more stable platform in place within the Council has enabled the day-to-day operations delivered by the former Director to be reassigned.
25. The Council has a coherent Organisation Development (OD) programme based on six pillars which has been developed with high levels of staff engagement, including through a successful and creative employee engagement week. The Council has developed a realistic delivery plan to take this work forward with an appropriate focus in the next phase on values and the behaviours that underpin these. These behaviours will be brought to life through the Council's forthcoming Personal Development Review process. The Corporate Leadership Team has a strong commitment to, and engagement with, the OD programme, and this can therefore be monitored through the Council's business-as-usual processes going forward.
26. Transition planning into the new West Surrey Unitary Authority will have a significant call on capacity, and the Council has already appropriately recast its approach, for example, scaling back investment in digital, given that the payback from that investment will not be achieved within the residual life of Woking Borough Council. The Council has put in place arrangements to manage its contribution to the county-wide implementation planning, but clearly, these will need to be kept under review.
27. The inevitable uncertainty associated with local government reorganisation brings with it risk to staff morale, recruitment and retention. To mitigate this, the Council has invested in considerable staff engagement with plans to do more of this in the year ahead. To date, turnover has stabilised and reduced whilst the results from the recent staff survey suggest that the Council's staff engagement strategy is helping to mitigate the risks.

Housing

28. The housing services team continues to deliver improvements and embed new practices that are transforming the service to tenants. However, the service remains under regulatory control, having self-reported to the regulator in 2024. This situation does not reflect the substantial progress that has been made, but it is an indication of the leadership team's caution to ensure that the changes made are an integral and embedded part of day-to-day service delivery.
29. The current capital programme is in its second year of delivery. This is a substantial plan, primarily to deal with fire safety issues and maintenance backlog. There remains work to complete this programme, some of which has been caused by supply contract delays. The positive is that the contract management expertise now in the department has improved to be able to pick up these delays and to put in place work that will maintain momentum of the programme.
30. Similarly, a stock condition programme was undertaken by a selected experienced supplier. A large number of surveys were identified by the housing services team as inaccurate, and the supplier is now resurveying the affected properties at their own cost.
31. The Housing Revenue Account (HRA) 30-year business plan has now been completed and adopted, and it sets out the potential for expansion and management of the portfolio. The HRA budget has been supported by monies owed to the service from Council owned companies and the General Fund now paid over.
32. The senior management team demonstrates a good grip on the development of the service and is taking a cautious approach to bringing the service out of regulatory intervention. It is anticipated that the service will be taken out of monitoring by the regulator within six months. The regulator has indicated that they are happy with progress made and endorse the team's approach.
33. The team has been set up to address the shortcomings found in the previous level of service. A key issue was engagement with, and participation of, tenants in the service improvement. Managers responsible for tenant satisfaction have taken steps to put in place tenant forums and partnership groups that are very active and well received by tenants. In tandem, new methods of capturing and responding to tenant complaints have also been implemented, and these are also improving the service to residents.
34. All of this is being underpinned by the installation of a new housing system which is currently going through its first phase of testing and roll out. There are some challenges with this plan, but these are being managed by the service with the supplier.

Conclusion

35. Reflecting on the Council's progress in addressing the significant weaknesses in the resourcing, management and, ultimately, delivery of the local authority's services, there is clear evidence of a substantial improvement in most aspects of Woking Borough Council's performance.
36. The Best Value criteria that underpin the Council's measurement of success have been largely fulfilled in terms of economy, efficiency and effectiveness. Governance and risk reveal measurable and positive steps in fulfilling the fiduciary role of the Council; finance remains a challenge in terms of the debt situation but is improving with central government's commitment to provide £500m of debt support, together with the Council's programme of key asset sales.
37. Financial administration, management and control all reveal significant improvements. The commercial activities of the Council have, in part, focused on the asset sale programme consistent with preserving the best interests of Woking in terms of retail activities and economic development. The transformation of the local authority's operations has made substantial progress in terms of culture, ways of working, and service delivery and outcomes. The Council's Improvement and Recovery Plan is now at an advanced stage of completion.
38. As a result of the Council's substantial and sustainable progress against its Improvement and Recovery Plan, many Council functions are now operating effectively as business-as-usual. Following a comprehensive assessment of the Plan, and aligned with the Commissioners' success criteria, we have agreed to streamline the Plan to prioritise those themes which require closer scrutiny and oversight, namely the commercial and housing themes. However, governance arrangements for the assurance of all five themes remain in place which will allow us to test the sustainability of the improvements which have now been largely or wholly achieved.
39. Commissioners will focus on the outstanding issues highlighted in this report, and we are paying particular attention to the impact of unitarisation and the transition from the Borough Council to the West Surrey Unitary Authority from 1 April 2027. The continuous delivery of the outstanding areas of the Improvement and Recovery Plan will, in part, be influenced by the transition stages in respect of the new Authority, and this will be more apparent when the Shadow Authority is in place. Every effort is being made by the Council to make itself fit-for-purpose by that date with service outcomes meeting the Best Value standards set.
40. We are aware that the interface between delivery of the Improvement and Recovery Plan and preparing for, and working towards, vesting day

represents a significant challenge in terms of the Council's capacity. This issue is subject to continuous review, and we will seek to preserve the achievement of the Plan scheduled to occur between now and 31 March 2027. Commissioners will engage, as appropriate, with the West Surrey Joint Committee and the Shadow Authority when established.

Commissioners

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