The Commissioners
Spelthorne Borough Council
Council Offices
Knowle Green
Staines-upon-Thames
TW18 1XB

10 June 2026

Dear Secretary of State,

Spelthorne Borough Council Statutory Intervention

Commissioners' Second Report

1. This is our second report as Commissioners for the Statutory Intervention in Spelthorne Borough Council, established in your predecessor's Directions to the Council of 8 May 2025.

Context

2. This report comes at a point of very substantial change for the Council.

3. Within the organisation itself: The Council is in a challenging financial position in that it overspent by £10.7m in 2025/26 and will need to use an estimated £14m of reserves to balance its 2026/27 budget. The Council has set a budget for its final year of operation, and an MTFS which charts the financial course moving into the new West Surrey Council for the 2027/28 financial year and beyond.

4. In March of this year, a new Chief Executive took up post. Gordon Mitchell will be the Council's Chief Executive for the remainder of the Council's existence. We have forged a very positive relationship with him and have an agreed set of priorities between the Council and the Commissioners for the final period up to Vesting Day.

5. More recently, at the Annual Meeting of the Council in May, a new Leader was elected. He is a Liberal Democrat Councillor replacing the previous Leader who was the Leader of the Independent Group. In his early days, the new Leader has indicated that he supports the agreed priorities and is committed to delivering the Improvement and Recovery Plan.

6. Within the wider context of local government reorganisation across Surrey as a whole, this report comes after the local elections of 7 May which saw the election of

members to the new Shadow Authority for West Surrey ahead of the new Council's Vesting Day on 1 April 2027. The Shadow Authority has elected its Leader and Deputy Leader and appointed interim statutory officers. The Lead Commissioners for both Spelthorne and Woking have had initial conversations with the Shadow Authority Leader, and it will now be important for both councils to work with the Shadow Authority in an effective and coordinated way to ensure the transition happens so as to support sustainable local government for West Surrey's residents.

Progress and key issues

7. Spelthorne Borough Council has made a number of significant steps in its improvement journey since our first report to you which was published in February 2026. It has significantly improved the programme management of its Improvement and Recovery Plan despite initial delays, weak accountability and inadequate reporting. Commissioners welcome the new approach demonstrating stronger grip and control, with a more objective assessment of progress although the pace of improvement remains a concern. There are challenges to address in the remaining months before Vesting day. The Council and the Commissioners now have an agreed set of priorities for these remaining months, and it will be essential that the pace is there to deliver on these priorities.

8. In our first report, we highlighted the officer leadership challenge the Council faced. This capacity gap at a senior leadership level had led to the former Leader and other members voicing concerns about the pace of change. Following the arrival of the Council's Chief Executive, these issues have begun to be addressed. The Council now benefits from the experience of a new Corporate Director of Place, whose role will cover assets and planning, and a new director-level lead for LGR, both of whom have just joined the Council, as well as an interim Director of Improvement who has been in post since March. There have been other staff who have joined the organisation whose arrival helps address capacity gaps and who are supporting the Council's improvement journey. The Chief Executive has developed effective working relationships with officers, members and the Commissioner team alike in the short time he has been in post.

9. Having said this, Commissioners recognise that capacity in the organisation, in particular, commercial capacity, remains a risk, particularly as the Council moves towards Vesting day for the new West Surrey Council. The Council has captured this as a risk in its Improvement and Recovery Plan and will be working with the West Surrey shadow authority to mitigate it.

10. The Council has made a number of significant steps relating to its planning function. On 17 March, the Council approved its long-outstanding Local Plan, providing greater certainty to developers, investors and the wider community. The Council has now embarked on an immediate review of its Local Plan. Supplementary Planning documents (the Spelthorne Design Code, supplementing the Local Plan, and a Supplementary Planning Document on Managing the Development of Houses in Multiple Occupation) were adopted at the same point. Good progress has also been made in the preparation of the Affordable Housing and Climate Change Supplementary Planning Documents, both of which are expected to be adopted by the Council before the end June 2026. Collectively, this strengthened policy framework, including the proposed Staines Master Plan, is expected to support more robust decision-making and facilitate the delivery of much-needed housing across the borough.

11. Following adoption of the Local Plan, the Council has recently established a council-wide housing delivery group to manage the delivery of its 5 year housing supply, and the plan intends to clearly set out the sites that will be delivered each year to achieve the existing Local Plan targets. For privately owned sites allocated for housing in the Local Plan, the Council will need to work with landowners, developers and infrastructure providers to ensure sites remain deliverable and to help unblock stalled development sites. Work has begun to identify some early "quick-win" sites; however, progress to date has been constrained by insufficient resources and expertise to proactively engage with the market and limited advancement on council-owned regeneration sites risks undermining market confidence.

12. In addition, the Council has approved a Social Value Policy, which will further support decision-making by ensuring that development and procurement activity delivers wider economic, social and environmental benefits for local communities.

13. The Council's finance function has built its capacity over recent months and with Commissioner support has developed processes for producing good quality year-end financial reporting. However, the Council is still reliant on Commissioner support in improving the quality of reports to Members and correcting errors in reports. It is hoped that this support will be able to be reduced over the coming period.

14. The data underpinning some service budgets has historically been unreliable. In several instances, services developed their own monitoring systems that were not integrated with the corporate finance system, while finance teams relied on spreadsheets that required manual updates. This lack of integration and automation increased the risk of inconsistencies in financial information and contributed to a

number of budgets being inaccurate. Work is underway to address these issues as part of a broader programme to improve budget monitoring and reporting.

15. A commercial strategy has been agreed by the Corporate Policy and Resources Committee. The Council has an agreed programme for disposal of its commercial assets, and the appointed agents are working on this. The process of disposal of Council assets began with the sale of its property at 3 Roundwood Avenue, Uxbridge, which was completed in March. One other asset was being marketed at the same time; unfortunately, this, a higher value disposal, which was due to complete before the end of the financial year, was not able to complete. Marketing for the next tranche of disposals is underway. The Council intends to be taking decisions on disposals of this tranche in summer this year. Marketing of the subsequent tranche of disposals is due to begin in September. Since our last report, BP has announced that it intends to consolidate into a single central London HQ and will relocate staff currently based at its site in Spelthorne by early 2028. The Council is working on an options appraisal for this site.

16. Disposal of the regeneration assets to support housing delivery has been delayed, however, there is now a clearer approach proposed led by the Chief Executive, and agents have been appointed to engage with the market and advise the Council. The members' role in agreeing disposals and meeting the requirement of the Directions will require significant leadership and timely decision making to avoid any further delays.

17. Work is progressing on the future of the Knowle Green Estates housing company. The stock condition survey and valuation work are complete and will inform financial planning and identify potential liabilities ahead of Vesting Day. The Council will need to liaise with the West Surrey shadow authority on transferring its social housing assets into the HRA, while considering the transfer of temporary accommodation homes into the General Fund to continue to reduce reliance on costly nightly paid accommodation.

18. With significant support from the Commissioner team, the Council has developed a programme of work to reduce the Council's spend on temporary accommodation, in particular costly nightly paid accommodation, during the course of this financial year. Execution of this plan is challenging, with resource constraints and issues of poor data relating to this service area. The Council has achieved some early improvement and with much to do, it will be important to maintain the focus on the delivery of this plan as it is an issue of financial risk for the Council's revenue expenditure.

19. Given the significant expenditure on nightly paid accommodation, any additional provision should be subject to robust procurement arrangements to provide assurance that Best Value principles are being achieved. In the short term, the Council is working with external commercial advisers to renegotiate existing arrangements and secure more favourable nightly rates.

20. The Monitoring Officer has made changes to the Council's procurement procedures and processes and, while too much of its spending has not been reflected on its contracts register, it is working to regularise several areas of procurement activity previously not in line with policy.

21. In recent months, we have seen an improvement in the development of trust between members and officers. It is important that this continues in order to deliver on the Improvement and Recovery Plan. Members, and in particular the previous Leader, have provided leadership and worked to inject pace into delivering the Improvement Plan, and the new leader has indicated that he intends to do the same.

22. Developing an effective assurance framework has been a challenge for the Council. The Council has lacked robust data and information across a range of areas to enable senior managers to lead and manage effectively. The Chief Executive, working with the Monitoring Officer and the s151 officer, has been instrumental in refocusing meetings of the management team to ensure that all aspects of assurance – including budget monitoring, performance, risk, and HR – are all addressed regularly and effectively. This work is essential for ensuring the priorities in the Improvement and Recovery Plan as well as business-as-usual are addressed over the coming months.

Conclusion

23. The final ten months of Spelthorne's term will be challenging; there is much to do to ensure that the transition to the new West Surrey Council supports sustainable local government for West Surrey's residents. However, the Council is making steady progress on this journey and is organising to deliver around a set of priorities, set out below, that are recognised across the Council. For this reason, Commissioners are positive that the Chief Executive has promptly recognised and addressed the need to bring in additional capacity and talent. Early indications suggest these senior leaders/officers are having a positive impact on the direction of travel for the Council.

Yours sincerely,

Lesley Seary Mervyn Greer Peter Robinson Deborah McLaughlin

Commissioners

Annex: Improvement Priorities

The priorities we set in our first report: update

- Financial steps to place the Medium Term Financial Strategy (MTFS) on a sound footing and set a balanced budget for 2026/27 (para 3).
  IN PROGRESS. The Council set its budget and MTFS on 26 February 2026. Work is still required to enable a smooth transition to the new West Surrey Council.

- Identify the reasons for Spelthorne's high spending together with opportunities for efficiency and service rationalisation so it is in a better position to transition to the new unitary Council with a plan for financial sustainability (paras 19, 20).
  IN PROGRESS. The Council has worked with a specialist consultancy to review its spending. In particular, it has started work to reduce the current high level of spending on Temporary Accommodation. A process for identifying further efficiencies is underway; the production of this plan is a new priority for the coming months, set out below.

- Completion of an asset rationalisation strategy approved by members (para 15).
  IN PROGRESS. The principal of asset rationalisation was approved by Council on 19 November 2025. Agents developing an approach for the Council gave a presentation to Members on 11 May 2026 and marketing of surplus assets is already underway.

- Delivery of Staines Master Plan to support future development (para 10).
  IN PROGRESS. The Master Plan has not yet been completed; we anticipate that it will go to Council at the end of September 2026. This remains one of the priorities for the coming months set out below.

- Resolve the future of KGE (para 17).
  IN PROGRESS. *we anticipate that the decision on the future of KGE will go to Council at the end of September 2026. This remains one of the priorities for the coming months set out below.*

- Effective implementation arrangements for LGR in place (paras 8, 22, 23).
  IN PROGRESS. This remains one of the priorities for the coming months set out below.

- Governance to ensure delivery of IRP workstreams. (para 8).

ACHIEVED. The IRP and its governance have been reviewed and revised with the new plan agreed in February and the governance changes now in place.

- Development of a comprehensive approach to assurance and risk at both officer and member level (para 22).
IN PROGRESS. This work remains one of the priorities for the coming months set out below.

- Urgent action to improve governance, including significant improvements to the quality of reports and advice to members; developing a culture of trust between members and officers; improved relationships between members, reflecting the Nolan principles of public life (paras 21, 22).
IN PROGRESS. There has been some improvement in the quality of reports although there remains work to be done. Commissioners have seen some improvements in member behaviour over recent months; the Chief Executive has worked hard to rebuild trust between members and officers. More remains to be done.

Priorities for the coming months

These priorities, shared between the Council and the Commissioners, are incorporated into the Council's own six-monthly report on progress on its Improvement and Recovery Plan agreed by Council on 30 April 2026. The priorities cover the remainder of Spelthorne's existence before Vesting Day for the new West Surrey Council on 1 April 2027.

Theme 1: Strengthening and Improving Leadership

- To fully engage with and support the Surrey LGR programme though to Vesting Day (1 April 2027), by providing the requested information and undertaking the activities assigned to the Council in the forthcoming Surrey LGR plan. This will include continuing to the lead the Procurement and Contracts Theme.

Theme 2: Improving Financial Sustainability

- To produce an updated MTFS (Medium Term Financial Strategy) for the period 2027/28 to 2029/30 to be approved by the Council by the end of December 2026 to feed into the new West Surrey MTFS.
- Develop and agree a savings plan for the current financial year (2026/27) and then deliver the plan to achieve a minimum of £1m of in-year, recurring annual savings that were unidentified when the budget was approved (rather than one-

off savings) this financial year. Deliver and report progress regularly to Members the £5.8m of total savings approved for 2026/27.

- Develop and agree a savings plan for the financial year (2027/28) aligned to West Surrey and agreed with the West Surrey Section 151 Officer (once appointed).
- Produce statutory accounts for the 2025/26 year that when audited will address the five key recommendations highlighted by the External Auditors follow a review of the 2024/25 statutory accounts.
- Develop and agree a plan with the West Surrey Section 151 Officer (once appointed) to produce the statutory accounts for the current financial year, 2026/27.

Theme 3: Improving Governance and Assurance

- Develop and implement an effective Governance and Assurance framework, that includes risk management.

Theme 4: Commercial, Housing and Regeneration

- Develop an updated Commercial asset disposal strategy and programme to include timeline and target values to be achieved, and delivery of the disposal programme to achieve financial targets quarter by quarter.
- Develop and agree a Commercial strategy for the Council with CPRC by end April 2026.
- Complete a review / appraisal of options/issues/liabilities for BP site by 31 March 2027.
- Develop and deliver a plan with the aim of disposal of the Council's regeneration sites by the 31 March 2027.
- Develop and get approval for the Staines Master Plan that will help shape the future of Staines and deliver high-quality development. Staines Master Plan to be agreed by Council in Autumn 2026.
- Demonstrate a clear reduction in spend on temporary accommodation quarter on quarter over the next 12 months and aim to reduce by at least half the use of nightly paid accommodation by the end of the current financial year 2026/27.
- Get agreement on the future of Knowle Green Estates (KGE) by the end of December 2026.
- Develop and agree a 3-year plan to deliver the housing numbers agreed in the Local Plan. Plan to be approved by Council in October 2026.