

A Surrey Council's finances don't add-up for 6th year running

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Spelthorne Borough Council's finances are still so muddled that they will not be fully fixed before it disappears into a new mega-council in West Surrey, says a new report. External auditors have once again refused to sign off the accounts, warning "time is not necessarily on the [council's] side".

Audit firm Grant Thornton told Spelthorne councillors at an Audit Committee meeting on January 22, that they cannot get enough evidence to say the numbers of the council's 2024/25 accounts are right. The auditors said they will issue another "disclaimer of opinion" on the council's 2024/25 accounts.

It is now the sixth year in a row Spelthorne has failed to get a clean audit. Meaning, the council cannot show all its balance sheets add up. This means the local authority does not know how much usable reserves it has or the true value of its assets.

The core problem is historic. For years the council's accounts were not properly audited, leaving big question marks over old balances, reserves and property values. As auditors cannot trust the starting figures, they cannot fully trust the current ones either.

Auditors said the lack of assurance will carry forward into next year and even into the new West Surrey unitary council when local government reorganisation happens.

Cllr Chris Bateson said: "And there's nothing we can do about that.?" To which, one auditor responded: "Time is not necessarily on your side." But she added, most of the councils in Surrey face the same challenging position of being sure of their accounts.

What does this mean for residents?

This is not a bankruptcy notice, the council has not run out of money. Residents' bins will still be collected and parks will be maintained. But this signals a long-running uncertainty about how solid the council's position really is.

For instance, this means big financial decisions are being made with an incomplete map and so increases the risk of mistakes. However, if finances are unclear, the council is monitored more closely by the financial watchdog and less likely to make major investment decisions

As Spelthorne is heading into a new unitary authority in 2027, these historic accounting issues will be transferred to the new council. The new West Surrey Council will have to deal with not just Spelthorne's accounts, but potentially five other ones.

Some progress but still serious problems

It was not all bad news. Auditors said Spelthorne's finance team has improved over the past year. Records are better organised, responses to questions are quicker, and the draft accounts were in better shape than before. So Grant Thornton could check more figures than last year.

One long-running mystery is a £17.6m gap between two key financial measures. The difference has been sitting in the accounts for years and still has not been fully explained, according to the report.

Auditors also found the council has been using the wrong method to set aside money to repay borrowing, something that affects long-term financial stability. A £9.9m property value increase was also put in the wrong set of accounts and now has to be reversed.

On top of that, there were dozens of technical mistakes and missing disclosures that auditors said should have been spotted internally before the accounts were sent over.

Bigger worries about value for money

In a separate verdict, auditors said they are not satisfied the council currently has strong enough arrangements to ensure it is spending money efficiently and sustainably.

Council officers said they have strengthened the finance team and are building more time into the process of preparing next year's accounts. But with reorganisation looming, the clean-up job now looks set to become the new council's problem too.

Emily Dalton LDRS

Spelthorne Borough Council offices in Knowle Green, Staines. Credit: Emily Coady-Stemp

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