

Future Surrey

Devolution and Local Government Reorganisation

Implementation Plan / Finance Annex

May 2026



Implementation Plan - Finance

In order to safely and legally disaggregate the finances of the County Council and aggregate the finances of the District and Borough Councils into East and West Surrey Councils, safe and legal activities have been developed and set out below at high level.

The overall key strategic priority is to set a balanced and legal budget for each new Council in February 2027 (prior to vesting day) and to ensure that there are arrangements in place for the proper administration of the financial affairs of the new Councils from 1st April 2027.

Safe and legal key activities and decisions:	
Budget Setting 2027/28	<ul style="list-style-type: none">• Disaggregation of SCC 2026/27 budgets using agreed finance principles• Aggregation of relevant Borough and District 2026/27 budgets for new authorities• Produce 2027/28 budgets for new organisations (revenue and capital), including agreed funding splits and Council Tax harmonisation principles• Agree opening balance sheets for new organisations - requiring the disaggregation of SCC assets and liabilities and aggregation of District and Borough assets and liabilities including capital financing requirement and reserves• Align policies, such as Minimum Revenue Provision Policy (borrowing costs) and Fees and Charges across East and West Surrey.• Produce a Capital Strategy, Treasury management and Investment strategy and Medium-Term Financial Strategy for each new unitary council including all relevant Prudential and Treasury indicators.• Aggregation of collection funds across East and West Surrey Councils into one collection fund for each new unitary council.• Clear principles for allocation of debt and reserves between the new authorities

Safe and legal key activities and decisions:	
Financial Governance	<ul style="list-style-type: none"> • Ensure that S151 Officers are appointed and embedded in key decision making and boards • Develop and agree Financial Regulations and Scheme of Delegation for new authorities (part of Constitution) • Ensure appropriate budget accountability and assurance within the new authorities including training for budget holders • Ensure appropriate governance in place for commercial entities and charitable trusts • Ensure systems internal controls continue including workflows, segregation of duties and compliance checks
Transition costs and funding	<ul style="list-style-type: none"> • Regular monitoring and appropriate governance and reporting of implementation costs to the Implementation Board and Joint Committees • Identification and valuation of cost of change, particularly disaggregation and harmonisation of services • Requirement for savings and efficiencies alongside transformation costs for new authorities
Treasury Management / Cash Management	<ul style="list-style-type: none"> • Set up new bank accounts and money market funds for new authorities. • Ensure ongoing access to borrowing, investments and cash flow forecasting for the new unitaries. • Ensure regular bank reconciliations are undertaken. • Novate existing borrowing to East or West Surrey (and Combined Fire Authority)
Accounts Payable	<ul style="list-style-type: none"> • Ensuring ongoing ability to pay suppliers, including fraud prevention and appropriate internal controls (re approvals, duplicate payments and business continuity plans) • Ongoing supplier maintenance • Ensure ongoing BACS Bureau activities • Harmonisation of fees and charges across the new authorities

Safe and legal key activities and decisions:	
Harmonisation and policy alignment	<ul style="list-style-type: none"> • Harmonisation of fees and charges across the new authorities • Development of common financial policies for each new authority (treasury management, reserves, financial regulations, Minimum Revenue Provision, debt recovery etc)
Closedown of existing authorities	<ul style="list-style-type: none"> • External audit advice and guidance to accelerate closedown and ensure efficiency of final audits • Detailed plans and guidance communicated regarding 31 March 2027 cut over
Insurance and Taxation	<ul style="list-style-type: none"> • Re-procure new insurance policies, recognise new risk profiles for each new authority • Ensure ongoing provision of Insurance Claims Handling activities. • VAT compliance - closedown of old authorities and registration and initial returns for new authorities. • Renew Options to Tax for individual assets, Cultural VAT exemption and undertake VAT partial exemption estimation. • Consider tax implications of Commercial entities.
Housing Revenue Account (HRA)	<ul style="list-style-type: none"> • Set 2027/28 HRA Budgets, rents and service charges – through aggregation of relevant Borough and District 2026/27 HRA budgets as a baseline. Include HRA capital plans into the overall capital plans for East and West, alongside capital financing requirement and treasury management (see budget planning section above). • 30-year HRA Business Plan to be developed and approved for each new unitary council.
Revs and Bens	<ul style="list-style-type: none"> • Calculate Council Tax Support and Housing Benefit awards in Feb 2027 to allow for the Issuing of Annual Bills (Council Tax and National Non-Domestic Rates) in late February/ early March 2027 and ensure effective collection and debt recovery methods in place for 1 April 2027. • Ensure that statutory requirements are in place to enable compliant billing during 2026/27.

Safe and legal key activities and decisions:	
Internal and External Audit	<ul style="list-style-type: none"> • Ensure key decision re ongoing use of Public Sector Audit Appointments (PSAA) framework for the appointment of External Auditors • External audit plans for new unitary councils to be agreed and approved by Shadow Council/Committee prior to vesting day. • Decision on Internal Audit operating model to be undertaken and Chief Internal Auditor appointments to be made. • Internal Audit Plan developed and approved by Shadow Council/Committee prior to vesting day.
Finance Systems	<ul style="list-style-type: none"> • Requirements for vesting day, including General Ledger, Accounts Receivable/Accounts Payable, key information from feeder systems are developed. Consolidation processes from existing systems to be put in place. • Ensure ongoing ability to invoice customers, collection of sundry income across multiple payment channels • Ongoing management of customer accounts and debt recovery procedures.
Accounts Receivable/ Income Collection	<ul style="list-style-type: none"> • Ensure ongoing ability to invoice customers, collection of sundry income across multiple payment channels • Ongoing management of customer accounts and debt recovery procedures. • Ensure Statutory and reporting compliance.
Staffing	<ul style="list-style-type: none"> • Ensure continuity of service through staff transfer and balance of skills, knowledge and experience across the unitaries.

There are significant dependencies on financial systems and data including decisions on ERP, consolidation and configuration, interfaces and payment controls and ongoing access to systems following vesting day.

Strategic Considerations

Woking Debt/MHCLG support

In October 2025, government confirmed its intention to provide an initial £500m tranche of support for Woking Borough Council in 2026/27, for the repayment of debt. This welcome support is expected to reduce the council's borrowing next year from c.£2.2bn to c.£1.7bn. However, even at this level, associated interest and Minimum Revenue Provision (MRP) charges will remain unaffordable.

For 2026/27, annual interest costs are forecast at £63m, with MRP of £93m. This has required the council to seek Exceptional Financial Support (EFS) for 2026/27, consisting of a £58m provisional capitalisation directive, and a £92m deferral of MRP charges. In a Ministerial Letter dated 23 February 2026, government confirmed the granting of EFS and provided the following assurances regarding future support:

"...The government agrees with Woking Borough Council's assumption that based on its current position, there is no reasonable means by which the council can meet all its debt liabilities from its own resources. On 28 October 2025, I set out our commitment to repay in-principle £500m of Woking Borough Council's debt in 2026-27 as a first tranche of debt repayment support, and we will continue to explore what further debt support is required at a later point. Any support must take into account value for money for the local and national taxpayer and the council's continued commitment to reduce

debt as far as possible within its local capacity. The department will continue to work with the council and Commissioners regarding the council's financial position and its asset rationalisation programme.

Ahead of local government reorganisation in Surrey, Government's agreement to provide the Exceptional Financial Support outlined in this letter and any future support is subject to the council providing assurance of its position, and ongoing action to improve its financial position".

Woking Borough Council has worked hard to present a balanced business-as-usual (BAU) budget position for 2026/27, which excludes the legacy debt financing and transformation costs. The council remains committed to making savings on its service budgets and progressing agreed Asset Rationalisation and Debt Reduction Plans, in a way that delivers the best returns for the public purse, allowing key services to be maintained and reducing the cost of debt servicing.

It will be crucial for West Surrey to maintain and manage the relationship with Government going forward, to ensure the ongoing support and delivery of the Woking debt strategy.

Spelthorne Commissioners Activity and plans

The new West Surrey unitary will need to take into account the existing Improvement and Recovery Plan (IRP) for Spelthorne. This includes a revised Minimum Revenue Provision (MRP) policy, refinanced debt and a commitment to a multi-year asset rationalisation programme, which will reduce the current Capital Financing Requirement (CFR) and MRP costs. The Capital programme for 2026-27 to 2028-29 does not anticipate any additional borrowing. Any delay to the asset rationalisation programme (£155m capital receipts target in 2026/27) would have a significant adverse impact on the forecast rate of reduction of MRP and therefore future budget gaps.

The asset rationalisation programme will need to continue beyond vesting day (advisers have been appointed by Spelthorne). The current savings programme aims to deliver part year savings of £1m in 2026-27 and at least £2m 2027-28. As part of the IRP, Spelthorne has brought in additional expertise to improve final accounts assurance, following a 5-year backlog. This has resulted in a significantly improved Audit Findings report for 2024-25.

Other Assurance considerations

In addition to the Government Best Value Interventions at Woking and Spelthorne, currently 2 District and Borough Councils in the East and 5 District and Borough Councils in the West have received disclaimed audit opinions on their financial statements over multiple years. Surrey County Council has unqualified audit opinions up to and including 2024/25.

Recent External Auditor Value for Money (VFM) conclusions also present a high percentage of 'Red' rated VFM judgements for District and Borough authorities in the west. Issues identified relate to internal control, finance team capacity, data quality and accuracy of financial reporting. This presents a crucial challenge in relation to the opening financial positions of the new unitary councils that has the potential to impact financial sustainability. Once District and Borough financial positions are combined with the relevant share of the County Council's position, the issue may be insignificant or immaterial for the East Surrey Council, however, could be a material issue for the West Surrey Council. There is significant potential that the West Surrey Council will have no or limited assurance over its opening financial position, particularly its levels of reserves, creating further uncertainty about its financial sustainability, its budget for 2027/28 and medium-term financial plan. The detailed implementation plan and the s151s once appointed will need to ensure high quality financial reporting and internal financial control as well as data quality. There will need to be a focus on building audit assurance for the new unitary councils.

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is the main source of funding for schools, early years provision and special education provision for all children and young people.

There are four blocks of the DSG: Schools, Early Years, Central School services and High Needs (HNB). All have regulations specifying what costs can be charged against each block and what funds can be moved between blocks, specifically you cannot move funding from Schools or Early Years 3-4 year old funding without Schools Forum or Secretary of State approval.

The High Needs Block (HNB) of the DSG funds all specialist education provision, including special schools, additional Special Educational Needs (SEN) support in mainstream schools and alternative education provision. Surrey County Council currently has an overspend in the HNB due to increasing demand and prices, with an accrued deficit carried forward in the County Council's Statutory Accounts of £141m at the close of 2024/25. However, Surrey County Council also has an offsetting reserve of £144m to match the deficit. The deficit has continued to accrue over 2025/26, beyond the available offset reserve, however central government has recently announced that the deficit will be supported by a HNB Stability Grant payment of 90% of the accrued deficit at close of 2025/26, leaving 10% of the deficit to be met by the County Council. It is expected therefore that the deficit to 31/3/2026 will be cleared and not carried forward to the new authorities. Government policy decisions have yet to be announced for the financial year 2026/27 outturn, however it is expected that similar arrangements for grant support will be in place. It is likely that any grant to support offsetting new deficits accrued in 2026/27 would be paid in the following financial year, so in year deficits will need to be split between the new authorities, with potential Stability Grant paid in 2027/28.

All Schools maintained by Surrey County Council have fully delegated budgets and bank accounts and are managed locally. They are, however, monitored and reviewed regularly to ensure spend is contained within available budgets and financial problems are addressed, with plans for recovery implemented. Revenue balances, both surplus and deficit, held by Schools are included in the County Council's Balance Sheet, which will be split as part of the disaggregation work.

Funding decisions for Schools must go through a School Forum, a statutory representative group with powers around decisions and consultation on school funding. Two shadow School Forums will need to be in place from Autumn term 2026/27 for the new unitary authorities to ratify school budget decisions ahead of 2027/28.

[The Schools Forums \(England\) Regulations 2012](#)

Budget Planning 2027/28

Context

- Based on the multi-year settlement and the impact of the Government's Fair Funding Reforms, funding will remain an ongoing challenge for new unitaries, with continued decreases in Government funding forecast and therefore an increased reliance on Council Tax as the primary source of income.
- Revenue and Capital Budgets need to be set for the new organisation ahead of Vesting Day and capital, revenue and transformation processes should be integrated.
- All 12 existing local authorities in Surrey are forecasting a medium-term budget gap
- Specific financial challenges include the level of debt in West Surrey:
- Woking BC – s.114 issued and in receipt of significant Exceptional Financial Support.
- Spelthorne BC - commissioners appointed and recovery plan in place for debt re-financing and asset disposals.
- Shadow authorities will need to collectively agree principles on disaggregation of Surrey County Council Budgets.
- Council Tax harmonisation is a key consideration.
- The outline business case for two unitaries (mid-point) suggested that reorganisation and transformation savings could be realised from Year 1, but that they rise significantly from year 3.

Disaggregation of Surrey County Council budget

The first step will be to disaggregate the 2026/27 budget of Surrey County Council and create a baseline position for both the new unitary councils and potentially a combined fire authority and stand-alone pension fund authority.

Principles to do this have already been developed and will need to be agreed by the Shadow Authorities.

2027/28 budget planning for the new unitaries

For each new organisation, the disaggregated County share will need to be added to the relevant borough and district baseline to provide a new opening baseline.



Trajectory forecasting in respect of demand and price pressures already exist in the Medium-Term Financial Plans for the existing authorities. These will be used, alongside the identification of additional pressures and efficiencies for 2027/28, to help develop iterations of the 2027/28 budgets for each new organisation. It is envisaged that principles will be developed to assist consistency and aid finance business partners and service and Directorate budget holders to model impacts.

A significant influence on the budgets for 2027/28 will be the cost of disaggregation and the new operating models of many of the existing county services. Decisions on service disaggregation will be made by the shadow authorities.

In addition, in aggregating the District and Borough services new service operating models will be required, in some cases, the aggregated District and Borough services will be combined with the disaggregated SCC service but in others the aggregated District and Borough service may become a separate directorate from disaggregated SCC services.

The Finance workstream of the Finance and Property Theme will collate all the financial implications of decisions made,

alongside legacy expenditure, income budgets and funding in the iterations of the 2027/28 budgets, to enable the shadow authorities to make decisions as to how to close budget gaps.

Development of initial high level Medium-Term Financial Strategy for new unitaries

As part of the detailed budget planning work for 2027/28, Medium Term Financial strategies will be developed (3-5 years) for revenue and capital for each new unitary council. These will be based on existing predecessor authorities' forward projections, further work on the estimates from the LGR business case for transformation and transition efficiencies, changes to operating models and a number of other key activities required, such as debt (capital financing requirement) disaggregation and aggregation, Minimum Revenue Provision alignment, council tax harmonisation, fees and charges review and many others.

The 3-year MTFs horizon has been chosen to align with the Government's multi-year local government finance settlement. A new Government and/or a new Government spending review is anticipated for 2029/30 and beyond.

Balance Sheet Disaggregation and Aggregation

Principles have also been developed to aid the disaggregation of the Balance Sheet (assets, liabilities, reserves and balances) of the County Council. While this is a separate exercise to the budget setting there are some areas that will influence the budget setting process, including:

- the disaggregation of the County's Capital Financial Requirement and the associated external borrowing,
- the level of reserves held by each new organisation.

Once disaggregation has occurred, the borough and district balance sheets will need to be aggregated to create the new opening position for East and West Surrey (and the Combined Fire Authority) as at 1 April 2027.

Revenues and Benefits

Principles have also been developed to aid the disaggregation of the Prepare statutory documentation and seek relevant approvals, for the setting of the Council Tax and National Non-Domestic Rates (NNDR), including tax base, the balance (surplus or deficit) on the collection fund, Q3 2026/27.

If permitted by the shadow authorities, agree that existing systems and process (premiums/discounts/Council Tax Support/ Housing Benefit) will continue to enable the billing by individual authorities for the successor authorities.

Liaise with main stakeholders, Department for Work and Pensions, Charities, Housing Revenue Accounts to ensure smooth transition.

Housing Revenue Account

The establishment of the new East Surrey and West Surrey authorities will require the creation of a legally compliant and financially sustainable Housing Revenue Account (HRA) for each authority from Vesting Day (1 April 2027). This is also an opportunity to establish HRA arrangements on a sound footing, including lessons learned from local authorities both within and outside Surrey.

In West Surrey, four existing HRAs (Guildford, Runnymede, Waverley and Woking) will need to be consolidated into a single HRA. In East Surrey, Tandridge's HRA will transfer into the new authority. The scale of consolidation in West Surrey presents particular complexity given differing debt levels, reserve positions, asset management strategies and business plan assumptions.

HRA finances are ring-fenced and must remain separate from General Fund budgets. However, they are closely linked to treasury management, capital financing, recharge methodologies and overall balance sheet disaggregation.

2027/28 Budget Planning

For each new authority, an HRA Revenue Budget and Capital Programme must be established ahead of Vesting Day. Key elements include:

- Consolidation of existing HRA base budgets and 30-year business plans.
- Alignment of rent assumptions in accordance with the Rent Standard.

- Harmonisation of key assumptions (inflation, interest rates, Right to Buy sales, bad debt provision and management costs).
- Integration of planned maintenance and stock investment requirements, informed by stock condition data.
- Review and alignment of HRA reserves and working balance policies.
- A balanced HRA budget must be set for 2027/28, ensuring that revenue supports both day-to-day management and long-term capital financing requirements.

Borrowing and Capital Financing

The disaggregation of Surrey County Council's balance sheet will not directly affect the HRA; however, the following will materially influence affordability:

- Existing HRA Capital Financing Requirement (CFR) and external borrowing.
- Loan maturity profiles and interest rates across predecessor authorities.
- Future borrowing requirements to support capital investment and compliance programmes.
- A consolidated HRA debt strategy will be required for each new authority, aligned with the wider Treasury Management Strategy.

Long-term Financial Sustainability

A 30-year HRA Business Plan will be developed for each new authority to:

- Test long-term viability under different rent, inflation and interest rate scenarios.
- Assess investment capacity for housing quality, safety and retrofit requirements.
- Determine sustainable borrowing headroom.
- Identify any structural deficits requiring early mitigation.

The HRA must remain financially self-sustaining and cannot be supported by General Fund resources. Early identification of affordability pressures will therefore be critical to informing Member decisions on rent levels, investment ambition and borrowing strategy.

Commercial

Agreement is required as to the share ownership of any commercial ventures in the new authorities. It is assumed the aggregation of commercial ventures in district councils will be direct to the East or West, linked to current authorities, with disaggregation of Surrey County Council to be agreed by shadow authorities.

Consideration will need to be given as to the governance arrangements for any disaggregated shareholding, ensuring this does not impede on the operations and ability to meet the budgeted targets.

Surrey County Council have taken the decision to disinvest in a number of its Local Authority Trading Companies, although this may not be concluded prior to vesting day. This is expected to make it easier to manage the major share of the investment income budget of £19m held in SCC. Disaggregation of investment properties will need to be carefully planned to ensure a fair split of risk and reward in line with the principles developed.

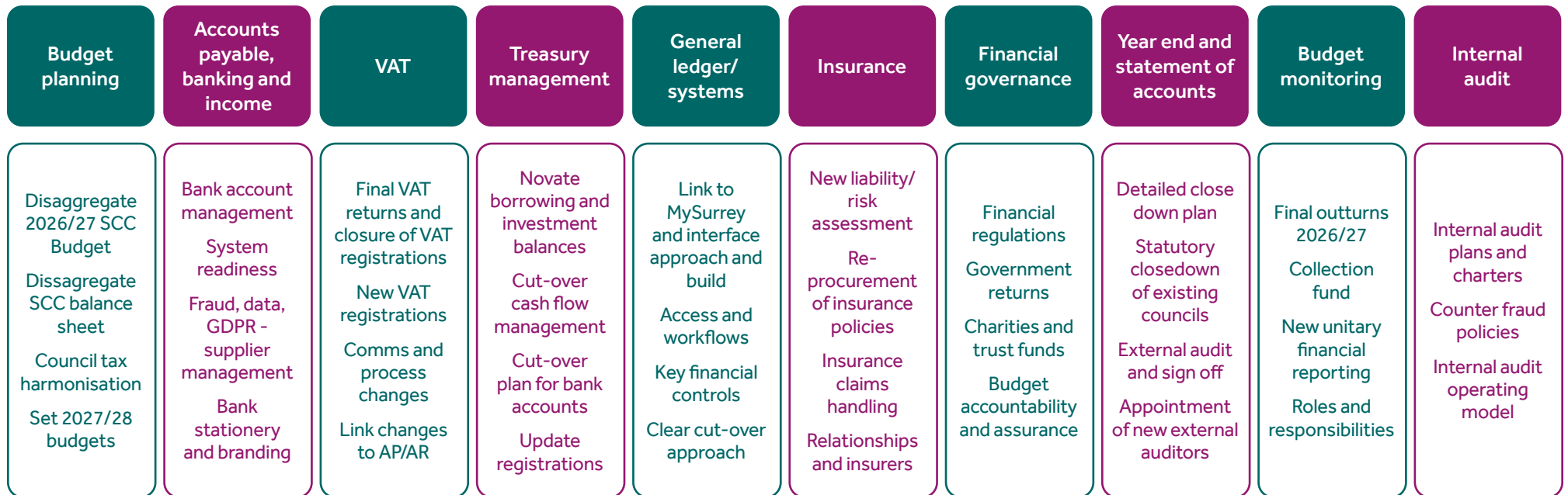
Spelthorne is currently evaluating winding up its housing management company Knowle Green Estates and bringing its assets (174 units) and liabilities back onto the council's balance sheet.

For all commercial entities governance arrangements will need to be reviewed and updated, including the appointment of company directors.

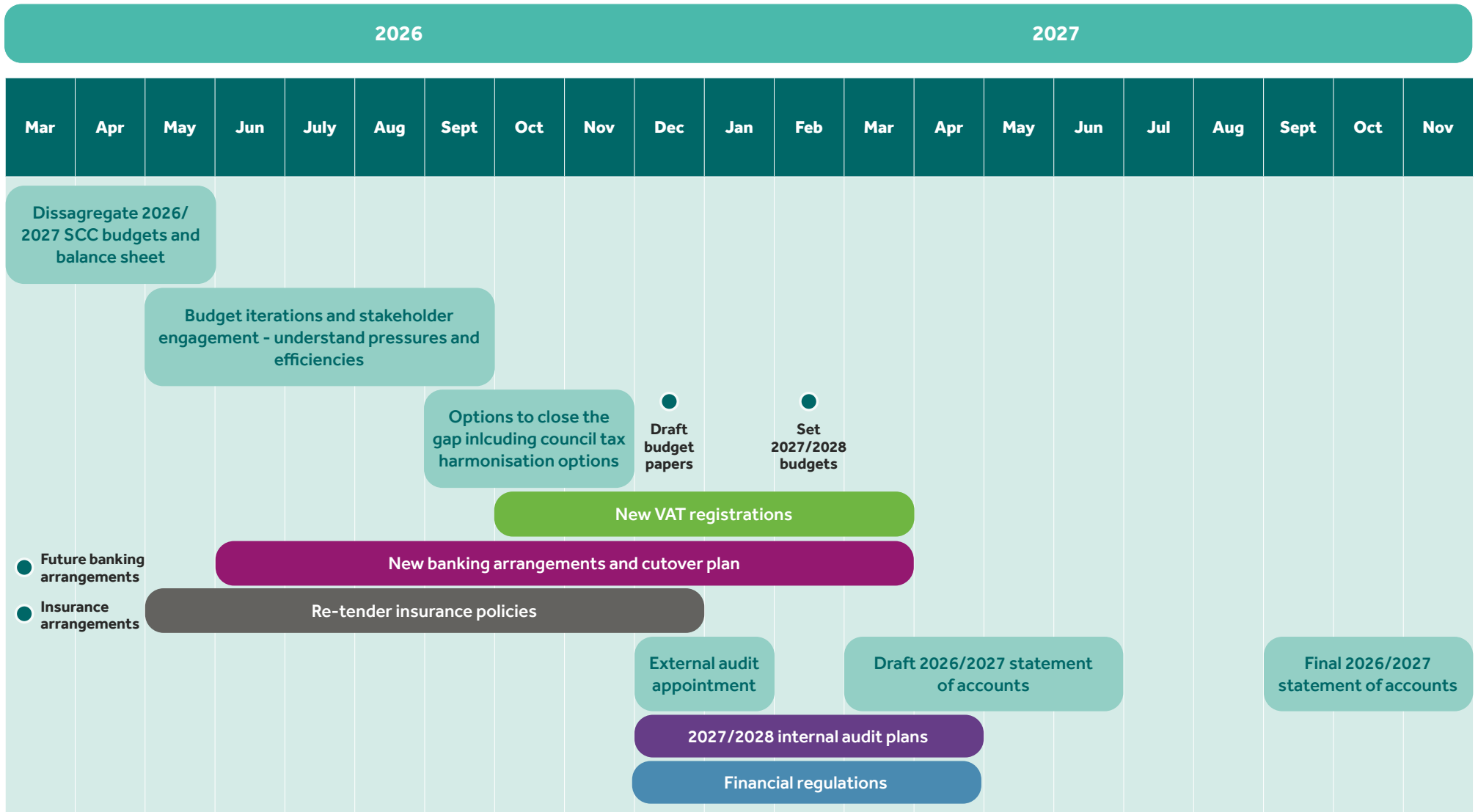
In addition, there are multiple charitable trusts owned or controlled by individual councils. Whilst these are generally smaller in scale than commercial activities, there will need to be a process put in place for the new unitary authorities to manage these trusts. Decisions around the disaggregation of any charitable trusts owned or controlled by SCC will be required. Charitable trusts owned by District and Borough councils will be transferred to the relevant new unitary council. Governance arrangements and the appointment of trustees will need to be reviewed and updated for each trust.

Finance LGR workstream

The Finance LGR workstream, as part of the Finance and Property Theme of the D&LGR programme, is responsible for delivering the safe and legal key activities within the Finance workstream implementation plans. The Finance workstream has a number of sub-workstreams focusing on specific areas of financial activity across all councils:



Key milestones plan (high level):



Local Government Reorganisation Implementation Costs

The business cases submitted to Government included significant indicative implementation costs associated with LGR in Surrey. The two unitary business case estimated costs prior to vesting day for the creation of two councils to be £35.3m.

These costs will be funded by the existing twelve local authorities, with proposed contributions of Surrey County Council 80% and District and Boroughs 20%, apportioned based on council tax base, as follows:

Local Authority	£
Surrey County Council	28,240,000
Guildford	822,648
Surrey Heath	538,665
Waverley	797,783
Woking	577,947
Runnymede	486,710
Spelthorne	556,845
Elmbridge	897,416
Epsom and Ewell	454,094
Mole Valley	538,665
Reigate and Banstead	858,164
Tandridge	531,063
Total	35,300,000

An LGR Implementation fund has been established, to be held by Surrey County Council on behalf of the Implementation Team, to combine the contribution to these costs from each of the existing Surrey councils. A Memorandum of Understanding (MoU) has been developed to set out the management of the reserve and has been shared at the first meeting of the Joint Committees.

[\(Public Pack\) Agenda Document for East Surrey Voluntary Joint Committee, 15/01/2026 15:30](#)

Spending of the implementation fund will cover the period from 1 January 2026 to 31 March 2027 and will be overseen by the Implementation Team and approved in line with the implementation plan, as reported through to the Joint Committee and shadow authorities. Estimated costs post vesting day will need to be funded by the new unitaries.

Section 24 Direction

Alongside the Structural Changes Orders, the Government intends to issue a 'Section 24 Direction'. The section 24 direction provides for the new shadow authorities to have a say on agreements to be entered into by the existing councils, including whether those agreements will be in the best interests of the new councils and the residents that they will serve.

All existing local authorities remain responsible for delivering their respective functions until 1 April 2027 and must be able to continue to deliver high quality services to the public and run their day-to-day business in the period up to 1 April 2027. However, it is important that as part of the transitional duties under the structural changes order, the new shadow unitary authorities are also able to discharge their duties effectively too. In addition, there is a need to ensure that any agreements do not undermine or diminish the benefits or savings anticipated as a result of unitarisation, or affect the financial position of the new councils.

It is anticipated that the section 24 direction will come into force in July 2026 and will apply to Surrey County Council and all District and Borough Councils in Surrey, with the exception of Woking BC and Spelthorne BC. The wording of the section 24 notice is below:

In exercise of the powers under section 24 of the Local Government and Public Involvement in Health Act 2007 ("the Act").

1. The Secretary of State directs each authority listed in Column A of the attached Schedule, being an authority which is to be dissolved by virtue of an order made under section 7 of the Act, that it may not, without the consent of the authorities listed in Column B of the attached Schedule, from the date in Column C:
 - a) dispose of any land if the consideration for the disposal exceeds £100,000;
 - b) enter into any capital contract –
 - i. under which the consideration payable by the relevant authority exceeds £1,000,000; or
 - ii. which includes a term allowing the consideration payable by the relevant authority to be varied;
 - c) enter into any non-capital contract under which the consideration payable by the relevant authority exceeds £100,000, where –
 - i. the period of the contract extends beyond 1 April 2027; or
 - ii. under the terms of the contract, that period may be extended beyond that date.

Implementation of the Section 24 Direction.

Exemptions (standing approvals) proposed, for decision by the shadow authorities as soon as possible.

The expenditure limits are cumulative (meaning multiple or contracts without a fixed end date, where the value does not exceed the regulatory threshold for works, goods or services with the same supplier where cumulative expenditure since 1 Jan 2007 exceeds the section 24 threshold will be captured) as well as any contract that includes extension periods or variation clauses that if exercised could exceed the section 24 threshold or take the contract duration beyond 31/3/27.

Under a section 24 notice, each predecessor authority must seek consent from the relevant Shadow Authority's Executive before entering into contracts as set out above or use its reserves to fund expenditure. In certain circumstances this may be problematic due to the nature and volume of contracts involved and as such it has been suggested that standing approval could be gained for certain matters, subject to consultation and discussion. On discussion with current S.151 officers from across all existing councils, it is recommended that a scheme of delegation is put in place by the new Shadow unitary councils to ensure that certain decisions are delegated back to the individual predecessor council and therefore effectively excluded from the section 24 directions.

The items recommended by S.151 officers for delegation back to predecessor councils are set out in Appendix 1.

For the classification of expenditure, Surrey S.151 officers propose:

- That how the expenditure is financed is the determining factor as to whether the expenditure is deemed to be capital or revenue for the purposes of S24. As such, Revenue Expenditure Funded by Capital Under Statute (REFCUS) would be capital expenditure for the purposes of the section 24 direction.
- That grant agreements (eg, to voluntary or community organisations) are also treated as contracts for the purpose of the section 24 direction.
- That call off contracts from Framework Agreements are deemed 'new contracts' and so will be also be subject to the section 24 direction

Standing approvals for the items set out in the appendix are recommended to be provided by the shadow authorities to enable the delegation of the decision back to the predecessor authority.

Appendix 1

Type of expenditure	Revenue or Capital	Primarily incurred by (i.e. District or County)	Approximate volumes and values	Commentary
Children's and Adults Education, Care and Transport (including for school) packages	Revenue	County	<p>£500m</p> <p>Childrens': Overall placements budget is £50m+</p> <p>Individual packages average in excess of £100k for residential and supported accommodation (occasionally also possible for individual family assessment centre and foster carer placements to be over £100k). Volumes in excess of 300 per annum.</p> <p>Residential and specialist schools placements (relating to c100 students) costs are between £186k - £275k</p> <p>Adults: Overall placements budget of £560m (gross), c£450m (net of contributions)</p> <p>Individual packages average between £30k - £75k, although it is possible that some exceed £100k in total.</p> <p>Average number of new packages per month is c450 (older people c335, physical and sensory c50, LD and Autism c45 and mental health c20)</p>	<p>These placements are crucial for the safety of residents and young people and need to be agreed under officer delegation as soon as possible. Transport of children and adults is a statutory function, and best value is already sought and the need for the transport is in a care plan, EHCP or according to existing council policies</p>

Type of expenditure	Revenue or Capital	Primarily incurred by (i.e. District or County)	Approximate volumes and values	Commentary
S106 Expenditure which has been subject to formal decision in line with the predecessor authorities' constitution	Capital	District	Various	Expenditure has to be in line with the S106 agreement and planning consent
CIL Grants / Expenditure which has been subject to decision in line with the predecessor authorities' constitution	Capital (where given for capital purposes)	District	Neighbourhood CIL Grants are often below £1million but Strategic CIL grants and expenditure are often in excess of £1 million	Authorities have specific approval arrangements in place to spend CIL in line with the strategic planning frameworks which often involves approval of expenditure by committees of the existing councils.
Community Grants including Domestic Abuse Refuges – above specified financial thresholds but are one off or do not continue for more than 12 months (1 year) beyond the specified date (1.4.27),	Revenue and Capital	Both	Most community grants are likely to be below £100,000 however some 3-year agreements (e.g., with Citizens Advice Bureau) are likely to be above	Should cover the ability for 3-year grant agreements agreed in 2025/26 to continue to run into 2027/28. Suggest for 2026/27 either 1- or 2-year agreements are made. Approval of multi-year grants subject to committee approval at individual authorities and are needed to provide certainty to the voluntary/ community organisations.

Type of expenditure	Revenue or Capital	Primarily incurred by (i.e. District or County)	Approximate volumes and values	Commentary
Annual Software License renewals where the software remains in place ie. NOT New technology.	Revenue	Both	Various	Annual Licenses for software will need to be kept up to date if the software system itself is still in use by an authority.
Disabled Facility Grants (DFG) DFG top ups	Capital	District County	Majority of individual grants are likely to be below £1million	Grants are preventative to avoid higher care costs and subject to medical assessments of need.
Home Improvement Grants	Capital	District	Majority of individual grants are likely to be below £1million	Grants are preventative to avoid higher care costs and subject to medical assessments of need.
Disposals or acquisitions of assets where the decision to acquire or dispose was taken by the predecessor authority in line with its constitution prior to the date the structural change order becomes effective and the sale or purchase will complete prior to 31 March 2027	Capital	Both	Over £1million	Allows the continued implementation of decisions of existing authorities taken before the approval of the SCO

Type of expenditure	Revenue or Capital	Primarily incurred by (i.e. District or County)	Approximate volumes and values	Commentary
Award of contracts relating to the implementation of individual predecessor Authority Decisions (made in accordance with their constitution) where the procurement process commenced prior to the date the structural changes order becomes effective and expenditure is within the approved budget of the predecessor authorities for 2026/27. The term "commenced" means that a Tender Notice has been issued	Both	Both	Over respective thresholds	Expect that the Structural change orders will become effective on 30 June 2026. There are a number of procurement processes for large service or project contracts in progress across authorities which have been subject to individual authority decision making in line with their constitutions. These should continue to avoid abortive procurement costs and legal challenges. Contract awards should therefore continue to be made under the predecessor authority's constitutions
Payments to the Surrey Pension fund	Revenue	Both	Various	In line with Statutory requirements

Type of expenditure	Revenue or Capital	Primarily incurred by (i.e. District or County)	Approximate volumes and values	Commentary
Treasury management activities – entering into new investments and borrowing or redemption of investments and borrowing in line with individual authority’s approved Treasury Management Strategies and Cashflow requirements	Revenue and Capital	Both	Over £1million	TM activity has to be undertaken in compliance with the CIPFA Treasury Management Code, Prudential Code, and statutory guidance on Local authority Investments
Acceptance of specific grant income and Expenditure funded by specific ring fenced grants or S31 grants from Government	Revenue	Both	Unlikely to exceed £100k	Expenditure is ringfenced and has to be spent in line with government grant conditions
Disposals made under Right to Buy Legislation	Capital	District	Unlikely to exceed £1million	Statutory duty
Urgent Health and Safety maintenance work to land and building assets or Emergency repairs to highways and other infrastructure	Both	Both	various	Urgency

Type of expenditure	Revenue or Capital	Primarily incurred by (i.e. District or County)	Approximate volumes and values	Commentary
Payments made to employees under Termination Agreements that were entered into by individual authorities prior to the date the structural changes order becomes effective	Revenue	Both	Could be over £100k	Termination Agreements over £100k must be reported to Council for approval at individual authority's and amounts have to be calculated in line with employment contracts
Payments in relation to settlements of litigation claims where the claim was lodged against the Council prior to the date the structural change order becomes effective	Revenue	Both	Ad hoc – low number and limited circumstances	Settlement payments will have been awarded through a court, mediation or other legal process
Any expenditure or actions that need to be taken to fulfill emergency planning and response duties under the Civil Contingencies Act 2004	Both	Both	Unknown	Should an emergency happen there may be an urgent need to incur expenditure under the Act

Type of expenditure	Revenue or Capital	Primarily incurred by (i.e. District or County)	Approximate volumes and values	Commentary
<p>Authority to enter into a procurement process in relation to expenditure that has been fully approved in predecessor authorities' 2026/27 approved capital budgets in line with their constitutions.</p>	<p>Capital</p>	<p>Both</p>	<p>Over £1million</p>	<p>Predecessor authorities need delegated authority to implement their 2026/27 budget decisions because they remain responsible for delivering their respective functions until 1 April 2027. However, the approval of any provisionally approved projects/budgets or additional budget requests will sit with the Shadow Authority under the S24 Direction.</p>

Further supporting information will be accessible in the constitutions, once approved