

PUBLIC INTEREST REPORT FROM GRANT THORNTON

Meeting: **Council**

Date Of Meeting: **20 November 2024**

Report Author(s): **Richard Carr, Chief Executive**

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Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

1.0 Purpose of Report

1.1 To facilitate the Council's consideration of the [Public Interest Report](#) (PIR) into Woking's historic approach to investments and borrowing and its response to the Report's findings and recommendations. The report fulfils the statutory duty as set out in [Local Audit and Accountability Act 2014](#) – S24 and Schedule 7 – 5 (5) and (6).

2.0 Recommendations

2.1 Council is requested to:

RESOLVE THAT

- (i) **the recommendations set out in the Grant Thornton Public Interest Report be accepted in full;**
- (ii) **the Council's Improvement and Recovery Plan be reviewed and updated as necessary to take account of the PIR findings and recommendations;**
- (iii) **the Council notes that Commissioners will consider taking forward further enquiries arising from the report; and**
- (iv) **the Council notes that the Chief Executive has contacted Surrey Police already to make clear that, should any evidence emerge of criminality or misfeasance in public office, this will be referred to them for investigation.**

3.0 Background

3.1 In July 2023, the Council commissioned its recently appointed external auditors, Grant Thornton, to review the Council's historic approach to investment and borrowing. This was to:

Public Interest Report from Grant Thornton

- i. Provide a comprehensive overview of the events and decisions that culminated in the unprecedented financial challenge now facing Woking.
 - ii. To help the Council ensure it addresses the fundamental weaknesses in its historic approach, so that action can be taken to rectify these to eliminate the risk of any repetition in the future.
- 3.2 The extensive research carried out as part of the review has been brought together by Grant Thornton in the form of a succinct but comprehensive explanation of a complicated sequence of events and decisions over several decades and draws out the key failings.
- 3.3 As Grant Thornton have issued their report 'in the public interest', the Council is following the process laid out in paragraphs 8.16 - 8.18 of Appendix A attached. To assist Members' consideration of the PIR findings, Grant Thornton will be attending the Council meeting itself to answer questions on their report.
- 3.4 As the Council continues its work to address a plethora of legacy decisions and actions, there is the potential for yet more issues to come to light but these are likely to reinforce Grant Thornton's identification of the fundamental historic weaknesses in governance, financial and risk management and, indeed, organisation culture. These weaknesses were compounded by failings in the external checks and balances that local government relies on but that should not detract from the Borough Council's culpability for what occurred.

4.0 Options Considered

- 4.1 It is difficult to envisage an option that would be appropriate for the Council to consider, other than to accept the recommendations from Grant Thornton in full. In the circumstances, to do otherwise would be irresponsible.
- 4.2 More specifically, it would be appropriate for the Council and Commissioners to review the Improvement and Recovery Plan to assess the degree to which it might need expanding to take account of any of Grant Thornton's findings generally as well as their specific recommendations covering, for example, the management of audit and some form of skills assessment to check that staff and Members are equipped with the understanding and knowledge they need to discharge their respective roles fully.
- 4.3 There are some issues that it will be appropriate for Commissioners to consider and act upon as necessary, including the position of those named in the report. In addition, Commissioners are best placed to liaise with Government colleagues over Grant Thornton's suggestions about issues of wider public policy.

5.0 Decision Type

- 5.1 By virtue of Grant Thornton having issued their report 'in the public interest', it falls to Council itself to consider the findings and recommendations and to determine an appropriate response.

6.0 Implications

Legal

- 6.1 The Grant Thornton Report is a “public interest” report under Section 24 and Schedule 7 of the [Local Audit and Accountability Act 2014](#) (‘the 2014 Act’). The Council has a legal duty to consider the recommendations in the report and determine its response. The Council must, as soon as reasonably practicable after the meeting, notify the auditor of the decisions made in response to the report; and as soon as reasonably practicable after the meeting, publish on its website a notice, approved by the auditor summarising those decisions.

Resources (including finance)

- 6.2 The consideration of the PIR of itself does not create any budget pressure for the Council. However, there may be financial implications arising from any expansion of the Improvement and Recovery Plan that proves necessary, and these will be assessed as part of the review of the Plan.
- 6.3 The PIR and the additional information that the Council has now made public in conjunction with its publication may generate questions from residents and others which will need to be addressed by already stretched staff.

Risks and Mitigation

- 6.4 It is likely that the PIR and the additional information made public in conjunction with its publication will generate further questions from residents that will need to be addressed, requiring further research and explanation. Given the capacity constraints within the Council, there is a risk that this becomes a distraction from the delivery of the Improvement and Recovery Plan. It will be necessary to monitor the position carefully and to strike a balance between responding to further questions appropriately but in a way that does not compromise the drive to deliver improvement in the Council’s operations.
- 6.5 There is a risk that staff morale will be further impacted by the inevitable negativity associated with the renewed airing of the past failures of the Council, especially if understandable public anger is directed at staff, the vast majority of whom have played no role in those historic failures. To mitigate this, staff briefings have taken place, and guidance has been provided to managers if staff are approached about the PIR findings. Management will continue to monitor staff morale closely and provide further support and assurance that might be necessary.

Consultation, Equality Impact Assessments

- 6.6 Grant Thornton consulted interested parties on their review as part of the process.
- 6.7 An Equality Impact Assessment is not required for this issue, although it is undeniably the case that the challenges now facing the Council because of the historic failures identified in the PIR have impacted on the delivery of Best Value. As the Council responds to its financial challenges, Equality Impact Assessments may be required for specific measures proposed.

Environment and Climate Change

- 6.8 There are no specific environmental or climate change implications arising from this report.

7.0 Supporting Documents

Appendices

Appendix A: Grant Thornton's Public Interest Report

Background Documents

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Report Ends