



ISSN 2753-2771



## Another Surrey borough going under?

13 July 2023



Guildford Borough Council will bring in "strict controls" on new spending and aim to get its finances in order with a special budget to be set this month.

The authority has admitted it may need to consider the issuing of a section 114 notice, effectively declaring itself bankrupt, ahead of a full council meeting in October.

But relying on its reserves should in the meantime avoid having to issue the notice - a move which nearby Woking pursued last month due to a forecasted £2.6billion debt and a £1.2bn deficit.

A dedicated financial task force will be established as Guildford Borough Council admitted it finds itself in a "very difficult financial position".

The Guildford Lib Dems, which won control of the council in May's elections, said rising interest rates and accounting issues unearthed by a review of council finances had contributed to the situation.

A special meeting of the authority's corporate governance and standards committee will outline the plans on Tuesday, July 18. The special budget, which should be brought to full council on July 25, will aim to get the council's finances in order and will include "strict controls on all new spending, and in-year reductions in spending".

'Our residents will always be our highest priority'. The Guildford Lib Dems said the highest priority would be to protect public services. They added: "Above all, we will not shy away from making the tough decisions to make sure residents are protected from cuts to core services. Our residents will always be our highest priority, and we will be honest and realistic about the choices that need to be made to keep the council financially stable."

The council's leader, Cllr **Julia McShane** (Lib Dem, Westborough) said though she knew the report was "a difficult read" she said the council wanted to be open and transparent about the challenges ahead. She said: "We have issued a report today related to our finances. I am aware our residents may find this worrying. I want to reassure you that we are taking this situation very seriously. I take comfort in the fact that officers and councillors are working hard to tackle the situation head on."

Guildford's former leader, Cllr **Joss Bigmore** (Residents for Guildford and Villages, Merrow) said the budget was delivering on what the previous administration had started at the end of the last financial year. He said the council was "nowhere near" the situation of nearby Woking, which in June issued a section 114 notice. But he said a full review of the finances had shown some errors in the accounts. Cllr Bigmore added: "That's made the situation even more urgent."

With overall debt of around £300 million, expected to rise further, council documents show the authority can balance its 2023/24 general fund budget, using reserves if necessary, which should avoid the issuing of a section 114 notice in the current financial year.

The former leader, who was in charge for two years as part of an arrangement with the then residents and Lib Dem coalition, said: "Our balance sheet is very solvent. It's just a matter of managing cash flow, to manage the interest payments. With strong leadership and decisive decision making, it should be no problem."

He said he "hoped" the current administration could show the leadership and decision making needed. Cllr Bigmore told the LDRS: "I hope they do, for the sake of every resident in Guildford. I think across the chamber, all the group leaders met with the chief executive, the leader and the lead officers for finance and everyone is behind helping."

He agreed the administration would have to make some "difficult decisions" about services, which could be unpopular with residents. "But they need to make them, otherwise they will be issuing a section 114," he said.

The Lib Dems pointed to previous Conservative administrations carrying out "high levels of borrowing", as well as central government issues including rapid rises in interest rates after the budget put out by former Prime Minister **Liz Truss** and **Kwasi Kwarteng**, and a delay to council account auditing.

The council said spending controls would be brought in, immediately limiting all new spending, a review of major projects and borrowing would be carried out and the council would look at selling council assets.

Plans also include "expanding and strengthening" the council's finances team and continuing the collaboration with Waverley Borough Council to reduce costs.

The Conservative group leader on the council, Cllr **Philip Brooker** (Worplesdon) said he had not yet seen the papers for



Tuesday's meeting, but said he thought one area the council could look at tackling was the "significant amount" spent on consultancy fees. Of the budget situation as a whole he said: "It's extremely concerning at the moment."

The corporate governance and standards committee will take place at 7pm on Tuesday, July 18, at the council's Millmead offices.