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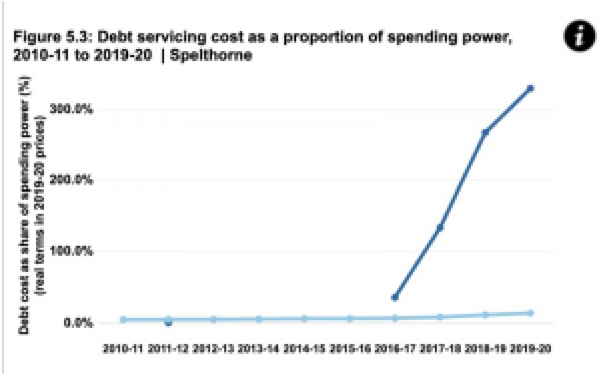
Accountants shortage blamed for Surrey’s rising debts

8 July 2023



The scale of the financial problems unearthed by initial forensic exams of Woking Borough Council’s left many shocked. The council’s accounts had not been signed off by an independent auditor for more five years as part of a national shortage of qualified accountants that has left a high backlog across local government bodies.

Meanwhile, the borough’s chief financial officer warned things could get worse as they uncover more.
On June 23, the Public Accounts Committee said that delays to publishing audited accounts increases the risk of governance or financial issues being identified too late, and hinders accountability for £100billion in local government spending, with knock-on impacts for central government and the NHS.

It led to the committee’s deputy chairperson asking “how many more horror stories such as Croydon, Slough, Thurrock, and more recently the shocking case of Woking council are there remaining undetected?”

Following the report, the LDRS looked at three other Surrey councils with either high levels of borrowing, or that had experienced recent write-downs in the value of their assets and asked if residents can be confident their councils won’t go bust too.

Woking Borough Council – £1.7bn estimated debt in 2022, expected to rise to £2bn. There has also been an “absence of external audit opinions on the council’s accounts” since 2018/19. The majority of the council’s debt was built on complicated development deals. It borrowed hundreds of millions to pay companies it owned for town centre regeneration projects. It also funded its own loss-making businesses. Like many council’s Woking’s central funding fell significantly over the past decade.

According to the **National Audit Office** its Government-funded spending power dropped 69.2 per cent in the past decade. To counter this, it embarked on an investment strategy to cover the deficit, regenerate its town centres, and maintain non-statutory services.

In 2019/2020, the council received £6.7m from the Government, £9.9m from council tax and £28.7m from its investments.

The problem was that it spent £17.7m on services, £6m on minimum revenue provision, and £33.1m just on the interest on its debts.

The Public Audits Committee published the “Timeliness of local auditor reporting” on June 23, three weeks after Woking Borough Council issued its section 114 notice declaring it could no longer balance its books.

Chairperson, **Dame Meg Hillier** MP, said: “Our Committee warned in 2021 that the system of local government audit was close to breaking point. Disappointingly, since then the situation has only gotten worse. The cases of Croydon, Slough, Thurrock and Woking councils all should serve as flashing red signals for the Government, and our report finds that the rot risks spreading to central government finance and the NHS.

Deputy chairperson **Sir Geoffrey Clifton-Brown** MP,said: “How many more horror stories such as Croydon, Slough, Thurrock, and more recently the shocking case of Woking council are there remaining undetected, which ultimately always have to be bailed out at huge costs to the taxpayer? The fragility of the number of qualified people and firms tending to carry out these important audits means that the system will only get worse before it gets better.”

Spelthorne Borough Council – £1bn debt as of 2022, last set of audited accounts signed off: 2017/18. In 2022, there were nine local authorities with borrowing of more than £1bn.

They were either major population centres, Transport for London, Birmingham, Greater London Authority, Leeds, Warrington, Edinburgh, and South Lanarkshire, or bankrupt; Woking.

The other is Spelthorne Borough Council, with a debt of £1,084,655.00 and a capital programme under review from central government. Last week, it emerged that £50m development plans for Thameside House has now jumped to £80m – mirroring, albeit on a smaller scale, Woking’s Victoria Square development originally budgeted to cost £150m but now stands at £750m and a book value of around half that.

Since 2010, Spelthorne’s Government funded spending power has fallen 66.3 per cent creating the same environment of needing to find alternative funding or reduce services. The council borrowed £1bn over a three-year period from the Public Works Loans Board and income from its investments brought in £55.3m in 2019/20 – out of a total of £72.8m. That allows the council to spend £16m on services while paying off £24.2m in interest payments with £11.1m set aside to pay off the principle.

The sustainability of the strategy is less obvious with the council’s debt servicing as a proportion of spending power climbing to 328.1 per cent, higher than even Woking’s 295.2 per cent for the same 2019/20 year. A spokesperson for Spelthorne Borough Council said: “The financial situation is significantly different between Spelthorne and Woking Borough Council. Spelthorne has taken steps to ensure that the commercial property programme is sustainable, and our investment model is very different. We have always taken a cautious approach, paying down debt on a year-by-year basis (like a mortgage) and ensured that the council has fully complied with the CIPFA requirements for Minimum Revenue Provision. The council took a long-term strategic view to acquire key investment and regeneration properties in order to generate income to support and fund council services, affordable housing, and regenerations programmes.

“We save up funds over a long-term time frame and have set aside £37.8m sinking fund to cover potential dips in income. Spelthorne Council has the highest ratio of usable reserves to net revenue budget of any district or borough council in the country.”

Runnymede Borough Council: £600m debt as of 2022, last set of audited accounts: 2018/19
Runnymede Borough Council is awaiting the findings of a Department of Levelling Up, Housing and Committees report into its finances and its strategy to borrow heavily for town centre redevelopment projects.

It is another council that followed the investment/redevelopment route, in part to cover the 55.5 per cent decrease in its Government-funded spending power. High profile developments such as Addlestone One and the Egham Town Centre have changed their local areas with new shopping centres, hotels and cinemas. But they have also resulted in the council’s debt servicing costs climbing to 168.9 per cent, about half of the levels in Woking or Spelthorne but still way above the national average of 13.4 per cent for local authorities.

The investments brought in £28.1m in 2019/20, from a total of £40.8m in income, which covers the borough’s £13.4m spending on service as well as its £11.1m in interest repayments and £3.2 for the principal.

A spokesperson for Runnymede Borough Council said it “only undertakes borrowing where it is prudent and affordable. Our current capital programme, approved in February 2023, does not include any new major schemes that require additional borrowing. We have a robust policy covering the repayment of debt, which is reviewed annually as part of the budget process and is included in all the council’s financial plans. We continue to set a balanced budget and to hold sufficient reserves to manage known risks alongside contingency for unforeseen events.

“The local government sector is suffering from the effects of the backlog in the audit profession. The Council is still awaiting final sign off for its 2019/20 accounts. “Since 2010 there have been significant cutbacks to local government funding. We calculate the loss of revenue support grant to be in excess of £5million, which equates to a third of our net budget. This has been partially offset by other grants, but only modestly. To protect services, we have had to raise our own sources of income whilst making efficiencies.”

Surrey Heath Borough Council: £51m debt at 2022, last set of audited accounts 2018/19. Debt levels in 2022 stood at £51m, putting Surrey Heath Borough Council in a different position compared with Woking, Spelthorne and Runnymede. However, it has since emerged in unaudited accounts that its debt grew to £160m and its biggest asset dropped by £79m. This prompted the council to announce it was updating its property acquisition strategy despite its government-supported funding dropping by 60 per cent in the last decade.

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This change in approach is taking place even though its 2019/20 debt servicing levels were comparatively low among Surrey peers at 41.8 per cent – although its debt levels have since climbed. The council balanced its books in a more conventional manner with just £3.3m of its £15.5m income coming from its investments that year. This covered the £9.96m to run its services, with £2.3m paid in interest and £2.2m set aside to pay off the debt.

A spokesperson for Surrey Heath Borough Council it was considered to have a "sound strategy for debt management as per the annual Treasury Strategy agreed at Council in February. We are not interlinked with Woking Council and therefore it is considered that no changes are required. The Medium Term Financial Strategy approved at February council contains a minimum revenue provision for future debt repayment. This has been calculated in accordance with central government and CIPFA guidance.

They added: "The council no longer receives any revenue support grant from central Government. The council retains business rate income, but also has to pay a tariff on this to central government. It is difficult to put a £ and % figure on this as the real term reduction is a great deal higher than the actual cash reduction."

The committee report concluded that the backlog of audit opinions for local government bodies remains unacceptably high, and that there is still no plan to reduce it.

Only 12 per cent of local government bodies received their audit opinions in time to publish accounts for 2021–22 within the already extended local authority accounts publication deadline.

Mole Valley Plan Paused

8 July 2023

As Epsom and Ewell's Draft Local Plan's progress awaits a new timetable we take a look at what's happening in neighbouring Mole Valley. Chris Caulfield reports.

The decision on where, and how many, houses will be built in Mole Valley has been paused, again. It means the council's local plan will almost certainly be delayed, the planning inspector said.

Mole Valley District Council was originally given permission to delay the publication of its local plan until after the May 2023 elections and to give it time to understand any Government revisions to the **National Planning Policy Framework** (NPPF) which had been due for publication in the spring.

The deadline passed and the elections are over however the Government has still to finalise and publish the NPPF.

Writing to Mole Valley District Council, the Planning Inspectorate said that "Given the council's position", that changes to the NPPF "may have implications for its plan, and that the final NPPF changes are yet unknown, it seems reasonable to agree to the council's request (to pause the local plan). The extended pause will enable the council to fully consider the implications of any revised national policy."

Councils waiting for the NPPF update have been told they will not be treated as having out-of-date local plans.

The inspectorate's decision was welcomed by the council's cabinet member for planning, Councillor **Margaret Cooksay.** She said "The Inspector has again recognised that delays in the Government adopting a revised National Planning Policy Framework (NPPF) – which may include important changes for Mole Valley's draft Local Plan – has created ongoing uncertainty for us as the local planning authority.

"In her most recent response to us, she emphasised that she does not want the examination of our draft Local Plan to become 'unduly protracted'. We could not agree more, and we urge the decision-makers in government to publish the new NPPF quickly so that clarity concerning the impact potential changes could have on our Plan is achieved as soon as possible.

"Whilst we would of course rather not delay further, we know that this is the right thing to do to get the right plan. We will bring you any future updates concerning the Plan via our normal publicity channels as soon as they are made known to us."

Related Reports:

Mole Valley Local Plan paused: official

Lessons for Epsom in Mole Valley's "shouty" Local Plan struggle?

How Green is My Mole Valley?

Pause for thought on paused Plan (Epsom and Ewell)

Image: Mole Valley District Council. CC Surrey Advertiser.

Surrey Council 'blamed me as a parent' after asking for help

8 July 2023

A mother of an (Special Educational Needs) SEN child claims **Surrey County Council** "blamed her" as a parent after she asked for help and support, according to a local government watchdog report.

The revelation came in reports published this month by the **Local Government and Social Care Ombudsman,** which also found the authority's failings caused a second child to miss suitable education for a year, and that a boy had to be held back a year after it failed to identify his special educational needs.

The three cases meant the county council had to pay out a total of £4,900 to the aggrieved families. Surrey County Council said it apologises for the distress it has caused and has put in "robust" auditing measures to learn from its mistakes.

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The first case dates back to April 2021 when a mother, referred to as Mrs X raised a complaint about the lack of support the council offered her as well as the actions of two social workers. She said the council failed to offer help , including respite to her and her child. She also said the council blamed her as a parent and recorded false information about her in the social care records.

The ombudsman said there was “fault in the council’s actions” but that the local authority had already remedied the injustice when it offered her £100 for its delay and £400 to recognise the distress. He did not take the matter further.

The council’s costliest error came after a father complained that his son was not receiving full-time education between April 2021 to March 2022. The council’s lack of action, the ombudsman found, was because it “simply overlooked” key information resulting in the boy missing out on education, causing the family distress and uncertainty.

The ombudsman found Surrey County Council at fault and recommended it apologise for the harm done as well as pay £200 for the time and trouble, £300 for distress and £2,200 for missed education and SEN provision.

The final finding against the council involved its delays in identifying a boy’s special educational needs and finding an appropriate school for him. The delay meant he missed eight months of education and was held back a year. It resulted in the ombudsman ordering the council to apologise to the mother and child for the distress caused by its failure to provide the boy with an appropriate education.

Surrey was also told to pay the mother £1,500 as a symbolic gesture to recognise the distress and impact on the youngster’s wellbeing and personal development. It must also pay the mother £200 for the frustration and distress caused to her.

Surrey County Council’s cabinet member for education and learning, Councillor **Clare Curran** said they took ombudsman findings very seriously and apologised for the distress caused. She said: “I am aware that the council has not always got things right and that the support and service that we give some children with additional needs and their families is not always of the standard that we would expect and I am sorry about that. We are working hard to improve our services.”

Cllr Curran said they had put in a programme of ongoing professional development for education staff as well as what she described as a “robust audit system”. She said: “All SEN case officers are required to attend Education Health and Care Plan (EHCP) writing training, which clearly sets out the local authority’s duties, and additional guidance has been written for staff to reiterate these duties.

“Further bespoke training around writing EHCPs will be delivered and be a requirement for all SEN staff when joining Surrey. We also recognise the significant issues that confront the SEND system nationally. We have seen a 64 per cent increase in education, health and care needs assessment requests across Surrey since 2020, at a time of a national shortage of Educational Psychologists (EPs).

“We are doing our utmost to recruit more to meet this demand, and we are filling this gap as best we can, but we hope to see the shortage in trained EPs and other issues addressed soon through the government’s improvement plan. We remain committed to improving our services and outcomes for children with additional needs so that they are happy, healthy, safe and confident about their future.”

Related reports:

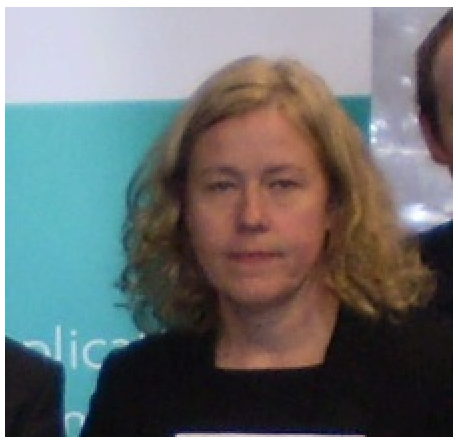
Council pays £3,900 to mother of SEND child

Surrey County failed SEND boy

Surrey to SEND £40m for special schools

County CEO’s pay rise triggering strikes?

8 July 2023



A pay offer giving **Surrey County Council**’s chief executive almost 10 times more than the authority’s lowest paid workers has prompted a strike action ballot.

Social workers, teaching assistants and bin collectors are among the thousands of county council staff voting on industrial action. It’s over a pay offer public sector union Unison says falls far short of covering the increase in the cost of living.

UNISON’s Surrey county branch secretary **Paul Couchman** said: “After years of below-inflation pay increases and with the soaring cost of living, staff are struggling. There’s still no end in sight to spiralling bills and staff feel strongly that enough is enough. It’s not too late for the council to think again and improve its pay offer.”

According to the union about nine in 10 members rejected the county council’s offer which it said would increase the overall wage bill by 5 per cent.

If accepted it would have worked out as an additional £1,300 and £1,700, to low-paid staff with the chief executive **Joanna Killian**’s £234,600 salary topped up by up to £10,000, the union said.

Surrey County Council leader **Tim Oliver**, said the council recognised the financial pressures people were living under and labelled the decision to turn down the pay increase “disappointing”.

He said: “ That’s why we have worked really hard to find extra money for staff pay this year, increasing our offer to make sure that for the second year running we are focussing the largest percentage increases on our lowest paid employees to reflect the increased costs staff are facing day by day.

“This years’ offer is between 7.8 per cent for the lowest grades, and 4.5 per cent on the highest, with a Surrey minimum wage of £11.05 per hour –15p per hour higher than the Real Living Wage. This represents an increase of 16.3 per cent over the past two years for staff on the very lowest pay grades, and is in addition to a one-off lump sum payment for business mileage and a Real Living Wage adjustment for lower paid staff paid in January this year.

“However, it’s imperative that the offer is within our means. The council is not immune to the challenges of the current economic landscape, rising costs and inflation pressures. Put simply everything is more expensive for us to buy as a council too, and we must ensure we remain in a position to deliver vital public services and protect the most vulnerable in our communities throughout. It’s within this context that discussions will continue, and we will be reviewing our next steps accordingly.”

Addressing the increase to the CEO’s salary a spokesperson for the council said that its focus was on providing the best possible services to 1.2m residents of Surrey, and to ensure it does this, needs to have the best people in senior positions.

They said: “The scale of our work means we employ 10,000 staff, and have an annual budget of £1bn, and in order to attract the best people from both the public and private sector for this, we need to offer competitive salaries.”

Image: Julian Killian SCC CEO. Credit: User:Dollfussguy CC BY-SA 4.0

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The knives are out in Woking

8 July 2023

The Epsom and Ewell Times has covered the bankruptcy of Woking Council. Recently we have received daily updates from our partners at the BBC's Local Democracy Reporting Service but spared you from the flood. This report, however, demonstrates the importance of a vibrant quality local media. The baffling commitments that were made by Woking are unlikely to be made by our Epsom and Ewell Borough Council. Nevertheless, a free press reporting on Council business is an important contribution to sensible decision making. Chris Caulfield reports:

Woking Borough Council's bankruptcy crisis is so insane the authority even agreed to be responsible for "buying the Hilton Hotel's cutlery".

It is the first of many revelations to come as the authority agreed to an "asset disposal strategy" as part of its efforts to cut into its £2.6billion projected debt on Tuesday (June 20).

Many eyes were immediately drawn to the council's flagship town centre development in Victoria Square – a central driver behind the council's £1.2bn deficit.

But the recent news that it had been written down in value to almost half what it cost to build means it is unlikely to be sold at a massive loss straight away. It's the assets inside the building that made many drop their spoons.

Addressing the extraordinary council meeting was borough leader Cllr Ann-Marie Barker. She said: "Let's have a look at a couple of projects. Victoria Square going from £150 million to £460m to £700m. Huge difference in the scale of what went on there. Huge changes to the project as it went through. Much that wasn't known by opposition councillors as that project developed.

"I found out at a very late stage that Woking Council was responsible for buying all of the cutlery for the Hilton Hotel. That was where the hotel was run, we've got to buy all the stuff that goes inside there. It just seems quite astonishing that that was the approach and how much responsibility and risk the council has taken on. That's where the huge issues lie."

The opening of the Hilton Hotel, part of the Victoria Square development, is already about three years overdue. It was originally set for completion in November but the pandemic and other delays pushed this back 16 months. Later remedial work to address cladding issues added another 20 months on to the opening date.

Meanwhile the knives and forks have sat unused in drawers.

Cllr Barker added: "To get things under control you have to understand the totality of the problem."

Anonymity justified by acquittal?

8 July 2023

A service Surrey Police officer who allegedly 'harassed two female colleagues' has been cleared of misconduct. The hearing's chairperson said they had looked into allegations that a police constable carried out a series of acts of harassment against two female officers but misconduct thresholds had not been proven, or were not reached.

The police officer, who has not been named and is referred to as "PC X", escaped sanctions after the five day hearing which took place last week at the force's Guildford HQ.

[Image is illustration only – it is not the officer in question.]

PC X was accused of "shouting" at an officer during the first coronavirus lockdown, and attempted to hug another officer twice despite being warned about his behaviour.

Summing up, chairperson Eileen Herlihy said that on July 3, 2020, PC X got involved in a work-place argument that continued at the female officer's desk. Describing the altercation, which was said to have lasted a matter of seconds, the chairperson said: "He shouted at her" and approached " her in an intimidating manner" and that his actions were said to cause "intimidation and embarrassment" over a matter of "police policy".

The argument was said to have started before she was at her desk but that the tone was "abrupt" and "brusque". He then "placed himself close to her face" and "she had to put her hands up to create some space". After the argument the pair continued their day as normal. The woman's initial reaction was that it "was not a big deal but felt embarrassed".

The chairperson said that it was "not the officers intention to intimidate" and that there was no evidence the PC made any reference to her gender or sex. It was a "genuine disagreement between colleagues that led to an argument".

The other two matters related to attempts to hug the same woman. The first incident was said to have occurred on January 13, 2020. The panel heard two conflicting reports about the exact details surrounding the PC asking a female colleague for a hug outside their office. The dispute was over the timings of when he went in to hug her, and that he didn't stop when she pulled away.

The female PC said she regarded him as having a "reputation" as being "over friendly", "creepy and uncomfortable". Two months later when she was alone inside the office he again asked her for a hug. He put out his arms and she said no before walking away. He had already been warned about his behaviour.

The panel found he had failed to treat her with respect and courtesy but the chairperson said there was no motive of sexual gratification.

The panel found two of the allegations unproven; the argument and outdoor hug. The third, in the office, was proven but "but fell short of the threshold required for formal disciplinary action".

Surrey Police Headquarters in Mount Browne, near Guildford, hosted the police misconduct procedure between Monday, June 12, and Friday, June 16.

The male PC can not be named after his identity was protected by the committee chairperson to protect his welfare.

The hearing was brought by the Professional Standards Department as it felt there were cases to answer over potential breaches of authority, respect and

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courtesy, equality and diversity.

A spokesperson for Surrey Police said “thresholds for referral to disciplinary proceedings are necessarily set lower than that necessary to prove the misconduct, to ensure transparency in the police disciplinary regime.”

During the course of the hearing, an application to withdraw certain allegations against the PC were also agreed.

Related report:

Anonymity for Surrey policeman

Woking’s debt crisis explained

8 July 2023

The desperate state of Woking Borough Council’s de-facto bankruptcy means its “only way forward” is to beg for “financial support from Government”. The sheer scale of the problems were laid bare today when Woking Borough Council issued a section 114 notice showing the historic problems that plunged it into billions of pounds of debt with day-to-day expenditure far outstripping its financial resources.

It’s a far cry from 2014 when the council’s former chief executive Ray Morgan dismissed concerns about how multi-million pound skyscraper projects would be paid for when costs began to spiral – instead saying they were affordable.

While in 2021 when he said councillors who blocked planning permission for tall buildings were destroying the town’s economy. According to the notice, the borough council has been “in dialogue” with the Department of Levelling Up, Housing and Communities (DLUHC) since May 2022 over its “very large loan portfolio” and the “risks around the ability… to manage the scale of operations”.

A non-statutory review was then carried out in December 2022 – with the report published in May 2023 when commissioners were appointed to take over much of the running of the council. A separate internal review was conducted that found long-standing issues dating back to before 2016 including an environment of weak financial controls, sub-optimal record keeping, and a lack of resources to manage complex company structures.

There has also been an “absence of external audit opinions on the council’s accounts since 2018/19”, the notice said. It added that, had the financial problems uncovered been understood before 2021 “the council would have had grave difficulty in setting lawfully balanced budgets” after 2018/19.

The overall size of Woking Borough Council’s long-term liabilities is expected to hit £2.6bn by 2025/26.
However, assets the council invested in have been written down meaning t’s expected deficit – borrowing it can not afford – is £1.18 billion, 107 times greater than the amount it raises in council tax in each financial year (£11m).

To make matters worse, the council has been setting aside insufficient cash for the repayment of debt.
Calculations for how much to set aside had “not been undertaken in the manner required for a number of years” with the notice saying “there is a high probability” reports produced over the years to deal with budget setting, financial monitoring, capital programming, capital financing and treasury management “have all contained inaccuracies and misassumptions.”

The additional charge to be made in 2023/24 is estimated to be £95m. To understand the scale of the problem, “if the additional charges of £75m in each year were to be funded by service reductions…the Council could no longer afford to provide any services at all and would still see a net budget shortfall”. The council has said it is redesigning its budget monitoring process after the review found them to be “weak and poorly designed”.

Much of the council’s debt, including £750m in borrowing for the Victoria Square development, was made through a complex structure of private companies.

The 114 notice said that there needed to undergo a “detailed review and simplification” but it was “likely that the case for using companies to develop assets and run services may be significantly weakened” going forward.

Any Government support the council may get is “likely to require” it to “dispose of surplus property or otherwise secure value from the assets under ownership”, in order to shed “at least part of the ongoing financial liabilities that may be incurred by the public purse”.

The notice warns of “very significant reductions in both budget and service levels” in the coming years and that “there is no prospect that the council will balance its budget in 2023/24, 2024/25 or the successive years without external intervention on a very large scale”. It adds, “for the avoidance of doubt, the council has no means of funding the financial deficit from resources that are available locally and has a very small funding base”.

Further section 114 issues are expected “as more work is completed and the recovery planning is developed fully to set the council’s financial affairs.”The council said the process would “take some time to resolve” with any “substantial recovery” likely to take at least two years.

As of the date of the report the majority of the Woking Borough Council’s Finance Directorate Management Team “is formed of interim contract staff who have been retained by the Council only recently”.

The vast majority of the black hole was amassed on the back of a borrowing spree between 2016 and 2019 when the council was under the stewardship of its former chief executive, Ray Morgan.

Mr Morgan retired in March 2021 after 14 years at the helm and the Local Democracy Reporting Service went to visit him seeking his views on what happened, why it happened, and who should take responsibility for the council having to stop all spending it is not legally obligated to cover.

Mr Morgan first joined Woking Borough Council as director of financial services in April 1989. In May 2000 he was appointed an executive director and promoted to acting chief executive in 2005.

Mr Morgan was a key proponent of the town’s redevelopment strategy, kicking off with The Wolsey Place shopping centre in 2010 for £68 million. Four years later he declared developments including Victoria Square, were central to his plans to transform Woking into a city.

The debt to redevelop Victoria Square has spiralled to about £750million.

In March 2021, the council applied to the Department for Levelling Up Housing and Communities (DLUHC) for Exceptional Financial Support (EFS), but at that time Mr Morgan, in his statement to DLUHC, said he remained confident that the council’s financial strategy was able to withstand normal economic cycles.

Mr Morgan declined to give a formal interview over the matter when approached the day after the council issued its section 114 notice declaring it was broke and instead issued the following statement.

Speaking to the LDRS, he said: “I have not been party to any of the deliberations recently made by the council and neither was I asked by it or others about any of the decisions that were taken by the Council, following advice from officers and advisors, and, on a cross party basis, in respect of Victoria Square, Sheerwater and the replacement of Victoria Arch; which are the major investments by the Council.

“As an official of the council, I was always happy to engage with your media colleagues to explain the council’s position and the reasoning behind the advice I and my colleagues gave to the council. However, as I am no longer employed by the council, I do not think it appropriate for me to engage in a public discussion when I am no longer in possession of the facts of the matter.”

Woking bankruptcy, far or near to us?

8 July 2023

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Woking maybe a town distant on the horizon of **Epsom** but its debts may yet ripple onto Epsom and Ewell taxpayers' shoulders. Chris Caulfield reports.

Woking Borough Council has gone bust under the weight of its £2billion debt and banned from any new spending after effectively being declared bankrupt.

The dire situation means the council will cut all spending for non-essential services after a section 114 notice was issued. The authority's debt is forecasted to rise to £2.6bn. The only exceptions are in cases where it must legally protect vulnerable people and for services it must cover by law.

The full impact on residents is not yet clear. Croydon Council, which issued its third 114 notice last year, had to increase council tax by 15 per cent and its till negotiating a bail out for about half a billion pounds.
Woking Borough Council's notice comes three weeks after Government appointed commissioners were sent in by, the Department of Levelling Up, Housing and Communities (DLHUC) over the "serious concerns" over the "exceptional level of financial and commercial risk" the authority exposed itself to, "as well as its approach to strategic financial decision making and debt management".

Julie Fisher, Woking Borough Council's chief executive, said: "The issuing of a Section 114 Notice is a very serious matter that rightly reflects the scale and breadth of the acute financial situation facing the Council. Through the commissioning of an independent financial review of the Council's borrowing and loans to its companies, we have a comprehensive understanding of our severe financial position which informed the Section 151 Officer's decision to issue a Section 114 Notice.

"The Council is required to meet within 21 days to consider the notice. I am preparing a response to this notice for an Extraordinary Meeting of Full Council that is being arranged for Tuesday June 20 to meet this requirement. Following the Secretary of State's appointment of a Commissioning Team, I will be seeking their expertise and using their critical insight to help the council deliver an Improvement and Recovery Plan at pace to ensure we take actions that are in the interests of the public purse.

My first report on these actions will be to the Thursday 13 July meeting of the Council's Executive."

The council's debt soared into the billions on the back of an investment strategy that saw it borrow hundreds of millions of pounds for regeneration projects.

The most high profile, the Victoria Square development in Woking town centre, was based on £750million in borrowing, with reports now showing the project to be worth just £200m.

The council said its Section 151 officer and interim director of finance issued the notice "in response to the unprecedented financial challenges facing the Council." It said "the expenditure of the council is set to exceed the financial resources available, and therefore it can no longer balance its budget for the current financial year nor subsequent years.

"Against the core funding of £16million available in the 2023/24 financial year, the Council faces a deficit of £1.2billion."

The council has been on DLUHC's radar for sometime, given the scale of its commercial activity and financial situation, noting that, relative to its size is became the "the most indebted local authority" in the UK.

As of December 2022 it had amassed £1.9bn of debt compared to a core spending power of £14m. The section 114 notice means it is no longer possible for the council to balance its budget but as yet the government has not committed to a bail out – the scale of which could have national implications.

The amount of money needed to get the council on to an even keel is beyond the remit of DLUHC and needs formal government approval. However leaked documents from an unpublished report suggested this could impact government borrowing ability.

Two main private companies run by the council, Wey Group and Victoria Square Woking Ltd, generated the majority of its debt through housing and regeneration schemes between 2016 and 2019.

Cllr **Ann-Marie Barker**, leader of Woking Borough Council, said: "My administration has been very clear about the huge financial challenges facing the council due to the legacy of inherited debt.

"The Notice makes clear the true scale of these challenges which are so significant that the Council cannot simply deal with them on its own. We must work in partnership with the whole of government and its agencies to support us in delivering a robust Improvement and Recovery Plan.

"I understand the concerns and questions this will raise, and I am committed to maintaining transparency with residents and partners as we progress through this unsettling time. Difficult decisions will lie ahead as we seek to balance the Council's budget and address the unaffordable debt."

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Council to pay £15,000 to families over failings

8 July 2023

A "senior level" review into **Surrey County Council**'s educational shortcomings must be carried out and £15,000 paid out to the families it has failed, a local government watchdog ordered.

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The county council must also demonstrate what it is doing to increase educational psychology capacity, and cut waiting times – as well as show how it will increase capacity for specialist school places.

The ruling came in three damning reports published by the **Local Government and Social Care Ombudsman** against Surrey County Council that found it has again failed young people.

In the first ruling, the county council was found to have caused someone to miss three quarters of their education over a two year period. According to the published report, a county council 'fault' caused an eight-month delay in their education and evidence showed the person's father had "concerns" his son was "academically behind as a result". The report read: "He has not received the education he was by law entitled to receive.

"This had a serious impact on [his] educational development and caused him distress by reason of being isolated at home. Our remedies guidance outlines that where no education is provided at all, we would normally recommend £600 per month to remedy a loss of education. There are 10 academic months in each school year. In this case, there was lack of the required provision over two academic years. This equates to a remedy of £12,000.

"However, the council provided 27 per cent of the provision [he] was entitled to receive and so this should be accounted for. This informs a financial remedy of £8,760 to put right [the] loss of education and his associated distress."

The county council was also ordered to apologise to the family for each area of fault and injustice cause, and to pay a further £200 as an acknowledgement of the uncertainty and distress suffered.

As a result, the ombudsman said the county council must conduct a senior-level detailed written review into its failings. It should focus on "delays in implementing timely alternative provision and the effective monitoring and recording of decisions relating to what provision is suitable in the circumstances".

The review will then inform "service improvements and policy changes, as well as specific feedback and areas of needed training to those involved in the case".

The second ruling, issued at the same time in April and published six-weeks later, found council maladministration caused a mother, who said she had to leave work to look after her two out-of-school children, distress. The council blamed staffing changes and shortages but there appears, the ombudsman said, to have been a lack of monitoring or oversight during one of her children's processes.

Documents seen by the ombudsman showed the council "delayed consulting with schools and finding suitable a school place".

The watchdog found Surrey County Council to be at fault and that it failed to provide education and SEN provision to the children. As a result the council was told to apologise and pay £100 for time and trouble, £1,000 for distress, and £3,300 for missed provision.

The third ruling the ombudsman issued, found the council to be at fault for a two-month delay in issuing an Education, Health and Care Plan, and then failing to provide what it recommended. The council agreed to apologise and make a payment in recognition of the injustice caused. It must now apologise and pay £200 for the frustration caused by its faults.

The council was also ordered to pay £600 for the loss of provision caused by its delay, and a further £300 every month from the date of the plan until a special school place or suitable alternative provision can be arranged.

Within three months the council must also provide evidence of what it is doing to increase educational psychology capacity and reduce waiting times, as well as evidence of how it will increase capacity for specialist school places.

Clare Curran, Surrey County Council cabinet member for education and learning said "We take the findings from the Ombudsman very seriously and we apologise for the distress these families experienced.

We are not able to comment on any individual children specifically, however we are constantly reviewing how we support young people who are unable to attend school, and are implementing our £180million capital programme that is increasing the availability of, and access to specialist provision. We also recognise the significant issues that confront the SEND system nationally.

"We have seen a 64 per cent increase in education, health and care needs assessment requests across Surrey since 2020, at a time of a national shortage of educational psychologists."

She added that the council was doing its "utmost" to recruit more but hoped to see the shortage in trained education psychologists and other issues addressed soon through the government's improvement plan.

Cllr Curran said: "We remain committed to improving outcomes for children with additional needs so that they are happy, healthy, safe and confident about their future."

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Surrey's school transport £12M overspend

8 July 2023

Surrey County Council officers say the authority must tackle a £12million overspend on school transport "to avoid adversely impacting services".

The situation is made all the more difficult as "pressures anticipated for 2023/24 are significantly higher than in recent financial years".

Surrey County Council has a duty to ensure 160,000 school children can get to school each day.
Of those, about 9,600 qualify for home to school travel assistance.

In 2021/22, 4,185 children used the travel scheme, up from 3,452 the year before. Between 2017 and 2020 the figure never topped 3,000.

The experience of families applying for travel assistance in the lead up to the 2022/23 academic year were so bad, and the service so overrun, the council set up a review that came back with 50 recommendations.

One parent interviewed as part of the process said "I felt incredibly sorry for them because they must have had every parent in Surrey with children screaming at them".

The review found that during the peak of 2022, travel assistance teams became "stretched and overwhelmed", with key staff absent for "reasons including stress".

The £12m overspend is particularly bad news for parents, many of whom were forced to wait months after the academic year began to get travel provision organised by the council, as the gap between funding and demand is only set to grow, council papers showed.

According to scrutiny papers, the "overall outlook for 2023/24 is one of significant challenge, with budget envelopes remaining relatively static in the face of substantial increases in the cost of maintaining current service provision and increased demand. Despite a small increase in the projected levels of funding,

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pressures anticipated for 2023/24 are significantly higher than in recent financial years."

The main driver behind the massive budget overspend, officers said, was "significant inflation, policy changes and the need to maintain the delivery of priority services experiencing significant demand pressures". Closing the gap, they said, would "require further actions" that would be "extremely challenging, given the level of pressure forecast, and may require the council to adopt measures that postpone the achievement of [its] ambitions".

An update on the council's finances, discussed on Tuesday, May 30, showed that biggest cause for the the Children, Families and Lifelong Learning directorate's £17.8m total overspend was the result of "rapid increases in demand following the COVID pandemic" for the travel service, and the re-opening of schools "after the 22/23 budget setting process" which was "further compounded by high fuel costs and driver shortages."

Officers have said that "tackling this gap will require a fundamentally different approach, given the level of efficiencies required, to avoid adversely impacting services".

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