

Good money goes after bad

24 November 2023



A cash-strapped council will spend up to £350,000 on an investigation into potential fraud in its housing department. **Guildford Borough Council** confirmed police are working alongside an accredited anti-fraud investigation unit to look into the issue, which came to light in July.

Work has begun to look into issues including overspending on contracts and problems with contract management regarding spend, compliance and delivery. While some costs will be met by the council's housing department, such as the costs of interim and agency staff, other costs relating to the investigation and reviewing internal governance will be paid for out of the council's day-to-day budget.

A report, to be discussed at a special meeting of the council's corporate governance and standards committee on Wednesday (November 29), said allegations of potentially fraudulent activity had been raised, which may have caused financial loss to the council.

The report said: "In July 2023, an external investigation team was instructed to consider the allegations that there may have been some wrongdoing within the council in respect of the council's relationship with one or more contractors. An accredited anti-fraud investigation unit is working alongside the police in respect of this matter."

Costs incurred to the council so far include an external investigation team from Reigate & Banstead Borough Council, forensic analysis costs, and legal advice. These costs could reach between £50,000 to £100,000 "dependent upon the volume of legal advice sought". The remaining estimated £200,000-£250,000 would be spent on an internal governance review, including external experts, and "dedicated admin support", according to meeting documents.

As well as pausing and reviewing some contractual works, the council will terminate some contractual arrangements. The report said: "The priority in recent weeks has been to stop the continuation of any potential wrongdoing, whilst supporting the delivery of the service to the council's tenants."

Following initial work to look at the "contract failures, to stop any potential wrongdoing and overspending, and to stabilise the service", the council will now look at the "governance failures" that have occurred.

This will include setting up a Strategic Project Board for housing that the external investigation team will report to at least every month.

The council's leader, Councillor Julia McShane (Lib Dem, Westborough) said Guildford would continue working with external authorities to deal with the matter "efficiently and thoroughly". Cllr McShane, who is also the lead councillor for housing, said: "I understand that this has been a concerning time for our tenants. I want to reassure our tenants that their welfare continues to be our absolute focus. Our officers are working in a robust and diligent manner to ensure that we follow a methodical process throughout this very serious and sensitive matter."

Richard Bates, the council's interim finance chief told a meeting of the corporate governance and standards committee on Thursday (November 16) the number of jobs being looked into in the housing department was "immense".

Speaking before the report for the November 29 meeting had been published, he said officers could not answer many questions relating to the housing department, because they did not want to interfere with the internal and external investigations.

Image: Guildford high street. Credit: Emily Coady-Stemp

No way to discharge bankrupt Council

24 November 2023



Bankrupt Woking Borough Council is spending up to £148,000 a year on free charging for electric vehicles – about the same it would cost to save the “Bustler” community bus service.

The great electric give away at the Red Car Park in Victoria Square is happening, it emerged, because antiquated IT systems mean the council is powerless to charge people who use them.

It has led to calls for the electric vehicle charging stations to be switched off immediately in the hope the money could be used for community projects that are struggling with funding cuts as the council grapples with its near £2.6bn debt.

The shocking figure was uncovered during the Monday, November 20, Overview and Scrutiny Committee when officers were grilled on budget overspend over electricity costs for the Red Car Park in Victoria Place which “had not been budgeted for resulting in an estimated overspend of £148,000”.

Councillor Kevin Davis (CON, Heathlands) said: “What on earth is going on in that car park that’s racking up electricity charges of 148 grand?” He was told the money was going to the council-owned Thamesway account as part of its decentralised heat network – which ultimately provided power for electric vehicle charging points in the car park.

Officers told Cllr Davis they were aware the council was “not able to financially charge, sometimes we’re not (even) able to electrically charge” because the “back office systems that support the EV charging system are not in place”.

Cllr Leslie Rice (LD, Heathlands) said: “Somebody is getting free charging.” He added: “This has come out in a meeting. We talk about transparency and good management practices and we’ve turned over a new leaf, this doesn’t look like it. Someone from one side of the political divide picks up on something and it’s built on and built on and it’s not a good picture. It does not reflect well on council officers, this should be disclosed and it shouldn’t be dragged out this way in the meeting.”

It comes less than a month after the chief executive of Woking Community Transport warned of ‘dark days’ ahead after learning its service agreement was under threat as part of £11m of cuts the council must make to balance its budget.

The door-to-door community transport, known as the yellow Bustler service, helps take people with mobility issues to day centres in the borough.

The council, which declared itself bust in June, has to stop spending on all services not classified by the Government as essential.

Cllr Davis said: “ This is just a shocking example, and it’s been dragged out by accident, and now we have to come up with a solution. We should be looking at stopping people getting free electricity.”

Cllr Rice added: “£148,000, I think £150,000 is the Bustler grant that we’re talking about. There are so many different things we could do with £150,000.”

Finance lessons for Parliament from Surrey Boroughs

24 November 2023



Surrey Heath Borough Council is burning through its reserves and eyeing up serious cuts to services, the Levelling Up, Housing and Communities Committee was told. The Monday, November 13, cross-party panel of MPs heard from experts including from the National Audit Office, the Institute of Fiscal Studies, and chief financial officers of local councils as it delved into the ‘financial distress in local authorities’.

Among the group giving evidence were Paul Dossett, from Grant Thornton the forensic accountants deep-diving into Woking Borough Council, Jonathan Carr-West, of the Local Government Information Unit, and Surrey Heath’s chief finance officer Bob Watson.

The committee was also told a lack of professional accountability among senior officers – across all councils – has been a driving factor behind local authorities running into financial trouble – and has been made worse with many scared to stand up against councillors for fear of losing their jobs.

Mr Watson said: “ (Surrey Heath) is not in immediate financial distress, it is like many other councils, predicting a use of reserves over the medium finance period and the burn rate on those reserves is unsustainable into the medium and long term future.”

He told the meeting of the “challenging budget process” the council was going through, including looking at cutting non-essential services. He said: “We have over the past two and a half years embarked on a number of efficiency measures where we’ve taken costs out of the organisation without cutting services to the residents and business in Surrey Heath. It is potentially now likely we will have to look at some of the discretionary services. We also have over the past built levels of ear-marled reserves for very such cases where we’ve started to see some of these higher interest rates coming through. We plan to use those reserves to smooth the gap over the four years. Sufficient reserves to take us through the four years but it is challenging.”

Part of the reason, the committee heard, for councils struggling to balance the books has been a 61 per cent cut in funding, which has had the knock on effect of increasing demand for services – notably in housing and homelessness.

Mr Watson told the committee that the cost of living crisis has impacted on people paying private rent and who were now presenting as homeless. He said: “We in our borough haven’t seen it quite the same (levels of homelessness) as some of the other Surrey boroughs but we’re starting to see that increase. Last month’s statistics of people presenting to our council offices actually doubled- again driven by cost of living pressures on individuals. We have the cost prices going up with hotels, we have the cost of hotels going up driven by demand going through and were now starting to see some of the hotels closed by central government these people now presenting to the local authority as homeless.” He added that it was not just a refugee crisis as people have been struggling to find affordable homes for years.

Earlier in the session the committee heard from Grant Thornton’s Paul Dossett. Grant Thornton works with about half the councils in the UK and is completing a deep dive into how Woking Borough Council went bankrupt with debts approaching £2.6billion. Mr Dossett told the committee that local government financing “just bumbles along with no attempt to fix it” and when councils do go bust its the most vulnerable, the ones who rely on council services the most, who are impacted.

He said: “Some of the things that have gone wrong, what we have seen with some of those people responsible from an officer side, in those key roles, the golden triangle of chief executive, monitoring officer and section 151 officer, there hasn’t really been professional accountability. There may have been job accountability in that the person has moved on to a different place but the sort of professional accountability of someone not doing their job to the right professional standard we don’t really see that in any meaningful way. Alongside that there needs to be better job protection for statutory officers to enable those statutory functions to speak very clearly to members to say ‘you can not do this’

“That is either breaking the law, or involves a degree of financial risk that the Section 151 officer is not comfortable with, and should be able to say that without any fear that there will be comeback against you in that role.”

Council staff to get 6% pay increase?

24 November 2023



November 14th, Epsom and Ewell Borough Council’s Strategy and Resources Committee grappled with the decision of recommending a pay award for staff in the fiscal year 2024/25. The recommendation to the full council came amid challenging financial projections and a backdrop of heightened inflationary pressures.

The annual pay award, previously agreed upon for a four-year period spanning from 2020 to 2024, necessitated a new deal for the fiscal year 2024/25. Over the past four years, the cost of living pay award had been closely tied to the Consumer Price Index (CPI) inflation, with a 3% cap implemented when CPI exceeded 3%. The council had maintained a partnership approach, actively consulting with the Staff Consultative Group (SCG) in accordance with its Employee Pay & Reward Procedure.

However, the past two years had seen staff receive pay awards beneath prevailing inflation rates. As of the latest data, CPI inflation for September was at 6.7%, down from 8.7% in April, with projections suggesting further moderation. Despite this, public sector unrest had been evident, and the government had accepted recommendations for pay awards in the range of 5-7% for millions of public sector workers, including police officers and teachers.

In an effort to gauge staff sentiment, the SCG conducted a survey, receiving 140 responses, representing approximately 40% of all staff. The overwhelming preference was for a single-year deal (82% in favor). Furthermore, 58% expressed

support for including provision for recognizing those at the top of their pay grade within the pay deal.

The survey also indicated that 80% of staff believed an increase in the 5-7% range was appropriate, with a leaning towards the higher end. Notably, there was a sentiment that the council should prioritize funding the highest percentage pay award rather than opting for one-off, non-consolidated payments or other perks.

As the council faced a budget deficit of £1.1 million in 2024/25, financial prudence was crucial. Budget planning had assumed a 3% pay increase for the next four years. Any award above 3% would escalate the projected deficit, necessitating additional service income or savings.

Despite financial constraints, staff and wider-public sector settlements, coupled with the persistent high level of inflation, indicated that a 3% offer might not be acceptable to employees. The council also had to consider its position as an employer compared to neighboring authorities with higher starting salaries.

The UK National Living Wage (NLW) was expected to rise to at least £11.00 per hour (a 5.7% increase) from April 1, 2024, posing additional challenges for the council in maintaining pay differentials.

The committee was tasked with considering several pay options, each with financial implications. Option 1 maintained a 3% pay award, aligning with existing financial projections. Options 2 through 4 escalated the pay increase and subsequently increased the council's projected budget deficit. Importantly, all options ensured that staff remained eligible for pay progression, and no employee would be paid below the National Living Wage rate uplift.

Councillor **Robert Leach** (RA Nonsuch) expressed concern that the 3% pay award in recent years was below the rate of inflation, effectively resulting in a pay cut for staff in real terms. He advocated for a higher rate, specifically 6%, considering the impact of inflation.

Councillor **Chris Ames** (Labour Court) echoed Councilor Leach's sentiments, emphasizing that staff should not consistently receive pay awards below inflation. He supported the idea of a 6% increase.

Councillor **Alison Kelly** (LibDem Stamford) highlighted that the borough was among the lower-paying ones and expressed disappointment in the need to express concern about the living wage. She favored one of the higher rates.

Councilor **Alan Williamson** (Ra West Ewell) acknowledged the importance of considering the budget deficit implications and proposed a 5% increase, citing projections of a downward trend in inflation.

The debate continued, with various councillors expressing their views on the appropriate pay rise percentage. The discussion also touched on the distribution of staff salaries and the potential impact of the pay award on the budget deficit.

Ultimately, Councillor Leach suggested a voting process, starting with the highest figure (6%) and moving down until a majority-supported percentage was reached. A unanimous decision was reached in favor of recommending a 6% pay rise for staff.

The chair Cllr **Neil Dallen** (RA Town) clarified that this recommendation would be presented to the full Council, emphasizing that the percentage discussed did not guarantee approval but would be subject to further debate.

Costs through the roof enquiry for local Council

24 November 2023



Epsom and Ewell's Poole Road Pavilion re-roof costs go through the roof. The Strategy and Resources Committee Epsom and Ewell Council met September 21 to authorize the extra costs.

The tenders received exceeded the allocated budget. An extra £105,000 from the capital receipts reserve is needed to cover the increased costs.

Cllr **Robert Leach** (RA Nonsuch) stated he did not object to the proposal in principle but raised a concern. "The three tenders all come in suspiciously close and all above the manufacturers estimate. This seems to be the trend in local authorities. We get a lowball estimate. And then when the tenders come in, we find that they're significantly more." He questioned why the estimate was so far off the mark, resulting in a cost that is over a third more than originally anticipated.

The Council's Senior Surveyor responded to concerns about cost estimates and tenders. He explained that prices can vary significantly in the current market due to factors like energy and transportation costs. In this case, the manufacturer may have provided a lower estimate, contributing to the cost discrepancy. "I don't think it's because we're a council. It's just the way it is in the market."

Cllr **Alan Williamson** (RA West Ewell) was also concerned about the substantial increase in cost for the roofing repairs. “That’s quite a big discrepancy on the original estimation.”

The Head of Finance explained that the reason for bringing the roofing project cost increase back to the committee is the significant change in costs. “It’s right that you as members should consider whether, at the increased cost of a quarter of a million, you still think it’s a viable scheme that the council should progress.”

“In this particular instance, I think I was given some dodgy advice from the manufacturer. So apologies for that,” he said.

Cllr **Shanice Goldman** (RA Nonsuch) asked about the process for evaluating estimates. “Do we use our own internal expertise to kind of look at that and check the validity of estimates that we’ve been given?” As she understood it, the original amount of £150,000 was agreed upon just nine months ago in January, rather than two years ago.

The officer responded: “The process for the capital bidding starts two years before. So when you’re getting the estimates together, by the time we get on site, it is virtually two years past.” He also added they relied on the manufacturer’s estimate for the cost, and while they usually expect estimates to be higher, they couldn’t have foreseen the extent of this particular cost increase.

Cllr Goldman sought assurance that the council will take steps to ensure the accuracy of the data provided for decision-making. She said “It’s quite difficult for members to make a vote or to vote on matters where the data isn’t accurate.” She asked for improvements in the estimation process to enable members to make informed decisions based on reliable information.

Cllr **Hannah Dalton**, the Vice-Chair of the Committee, (RA Stoneleigh) recommended that an internal audit look at this particular procurement to allay any member’s concerns around it.

The additional funding for the project was approved as was the recommendation that an internal audit review of the procurement process take place.

On the Council’s IT strategy Cllr **Alison Kelly** (LibDem Stamford) raised questions regarding the council’s carbon reduction target, emphasizing the need to avoid greenwashing practices and ensure that suppliers can demonstrate their commitment to carbon reduction. She asked, “How are we as a council going to avoid falling into that trap? And will the suppliers be expected to explain how they meet carbon reduction neutrality? And what weight would be put on these when choosing the preferred supplier?”

The Head of IT, highlighted the importance of incorporating metrics like Power Usage Effectiveness (PUE) into their procurement process as they shift to cloud-based services. “We will be looking to include a number of metrics within our procurement.....in particular, as we move to cloud-based services.”

Cllr Kelly also inquired about the reuse and disposal of old equipment. “I want to know what consideration has been given to the reuse and disposal of old equipment. Will this perhaps be indicated in later report?”

The officer expressed willingness to consider requests for equipment reuse and mentioned interactions with recycling companies and charities for equipment recycling. “I’m happy to receive any requests from councillors where they’ve potentially got a use for equipment,” The Council also receives inquiries from recycling companies, some of which offer free services. Additionally, there are charities, both local and in the southern region, that aim to recycle equipment for use in schools and further education.

The discussion then shifted to the reskilling of current staff members to adapt to new IT strategies.

The officer highlighted the Council’s training plans. “Within our Microsoft Enterprise Agreement, there is a free training suite, and we are working our way through that to actually develop a learning plan for individual staff.” He also added that this learning plan is designed to help individual staff members acquire new skills and knowledge.

Cllr **Chris Ames** (Labour Court Ward) raised questions about the factors affecting residents’ ability to adapt to service changes. “ I think there maybe a larger number of factors that might lead some people to have difficulty in channel shift.”

On the Household Support Fund, Cllr **Neil Dallen** (Committee Chair - RA Town) explained the urgent need for funding to support vulnerable residents. The item proposed to continue the partnership with the Good Company, a local charity that runs the local food bank, Epsom Pantry, and the Epsom Refugee Network.

The last two items on the agenda, included the Commercial Tenant Update and the Commercial Property Update were discussed in private as they “pertain (ed) to information related to the financial or business affairs of specific individuals or entities.”

Another Surrey Borough with serious money problems

24 November 2023



Epsom and Ewell Times has reported on the woes of Woking, the gaps in Guildford budgets and we have spelt out the thorny financial crisis of Spelthorne. Now Surrey Heath may move to asbestos lined offices to preserve its existence. These crises contrast with **Epsom and Ewell Borough Council** that consistently balances its books. **Chris Caulfield** reports:

Surrey Heath Borough Council could close its headquarters and move into the vacant, asbestos-lined House of Fraser site as it tries to get out from under its “existential crisis” of its “sheer levels of borrowing”.

It comes as the council’s leader **Shaun Macdonald** said the borough was as little as two years away from effective bankruptcy.

The council is seeking ways to cover its £176m debts and has launched a project to look into the relocation of civic offices – and papers published as part of its Thursday, September 14, performance and finance scrutiny committee suggest it is considering moving staff into the vacant House of Fraser building in Camberley.

Surrey Heath Borough Council bought the House of Fraser building in 2016 for £18m. The store closed its doors in May 2023 with the lease expiring in August 2023.

Today the building is said to be worth just £2.9m and requires “multiple millions of pounds” to refurbish. House of Fraser closed the branch in Park Street in May.

The council says it has been working on alternative plans for the building, “including complete modernisation and refurbishment, improved retail and hospitality areas, offices and community facilities such as health and civic uses”.

According to council documents, it has been negotiating with commercial tenants for the entirety of the third floor, as well as the entirety of the ground floor, and half of the first floor.

“The second floor could be a potential location for Surrey Heath Borough Council’s relocated office and the remaining half of the first floor for a relocation of Surrey County Council’s library.”

It could make the move as early as 2026.

Commenting on the council’s treasury management activity report during the same meeting, Councillor **Richard Wilson** (LD, Bagshot) said: “It seems pretty obvious that the council has effectively an existential challenge because of just the sheer level of borrowing we’ve got. “This all stems back to 2016 when those failures in decision making on oversight and scrutiny but I wonder if there has also been a failure in treasury management in the period after 2016 while interest rates were still low?”

He also asked whether the loans could have been handled in a “different” way the council could have avoided the “existential crisis” it has now.

Details of the potential move were published as part of the council’s property and economic development service performance report.

A spokesperson for the council said: “In common with many buildings of this age, asbestos is contained in the fabric of the former House of Fraser building, which is safe if not disturbed. “This would need to be removed by specialist contractors as part of any future plans.”

House Of Fraser Camberley (Image: Google Street View)

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Guildford Council to cut to the bone

24 November 2023



The **Epsom and Ewell Times** has been reporting on the fate of Woking's and Guildford's Borough Councils. In contrast to Epsom and Ewell Borough Council, which recently proclaimed healthy solvency, Woking has been declared bankrupt and Guildford is close to bankruptcy. Valuable lessons are here for the role of our local Councillors, Council officers and the local media in reporting. Chris Caulfield reports:

Services will be cut back to the bone as **Guildford Borough Council** looks to carve out more than £18 million from its annual budget to avoid effective bankruptcy.

The level of cuts was agreed at the Thursday, July 25, full council meeting to address the authority's £300m debt. Councillor **Richard Lucas**, lead member for finance and property said, the borough would have to make "structural changes" and dispose of its assets if it wanted to get its house in order ahead of a revised November budget.

He told the meeting: "Our officers are trying to deal with the reality of the situation. We won't deal with this by pretending there is no problem. This is going to result in difficult decisions for the operational spending and capital disposal. This is not Section 114. We are taking action to avoid this. However, if we do nothing Section 114 comes into play which would pretty much make this council useless."

A Section 114 notice is when a council declares itself effectively bankrupt and can no longer run a balanced budget. It stops all but essential spending to ensure a council can continue to provide its legally obligated services to its most vulnerable residents.

The approved measures, however, are not too dissimilar after the council said that new spending would need the explicit agreement of its chief finance officer (CFO) until further notice, and that breaches would be "considered a disciplinary matter".

Recruitment and contract renewal has to be signed off by the corporate management board and the council's investment programme has been suspended immediately, save for existing contracts that need to be fulfilled.

This applies to all council services, including statutory ones. The only exemptions are the council-owned housing company North Downs Housing Ltd and the Housing Revenue Account.

These controls will remain until at least the 2023-24 financial year.

Cllr **Philip Brooker** (Con, Worplesden) said "we as a council must take immediate action to solve this" but called on it to be done in a way that minimises the impact on services. Cllr **Bob Hughes** (Con, Shere) said "it was doubtless services would go" and that people "would get hurt".

The authority will undergo radical change as it "reconfigures services so they can be managed within the financial resources available to the council".

Every service and budget, the bleak report read, would undergo a review to establish minimum viable service levels and options for savings and income growth.

The report read: "The council will no longer be able to afford to deliver the current range of services or maintain some services at existing levels and significant rationalisation of the current service offer will be required to live within a reduced financial envelope."

Services that protect the most vulnerable residents would be prioritised for protection with the remaining services transformed "to ensure they are as efficient and cost effective as possible".

The authority announced it had to impose a series of strict cuts to its budgets to cover an £18m deficit by the end of the financial year if it was to avoid effectively declaring itself bankrupt this autumn.

The deficit, council papers said, equates to 145 per cent of its net budget and "will fundamentally change the services the council delivers and will require political will and a step change in activity to reconfigure services accordingly".

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Council's financial reservations (report on Epsom and Ewell Borough Council)

Guildford contemplates financial “Armageddon”.

24 November 2023



Guildford's task to avoid issuing a bankruptcy notice requires “urgent” attention and councillors are branding the local council's problems a “wake up call” – here's everything we learned from a series of key meetings this week.

Guildford Borough Council is working to address its £300million of borrowing and an £18.3m projected deficit over three years.

Two crucial meetings this week have seen officers set out plans to combat rising costs of borrowing, in a situation compounded by an accounting error which made it look like the council had more in reserves than it did.

In March, the discovery of a £10m accounting error, along with other issues, led to a prediction that at the end of March 2024, the council would have £8.5m in its reserves. This was compared with a reported £32m in February 2023 when the budget for the year was signed off.

Below, the LDRS breaks down some of the key points from a meeting of the council's corporate governance and standards committee on Tuesday (July 18) and its executive on Thursday (July 20).

Why are reserves so important?

Reserves are effectively a council's savings, and may be used to balance a council's budget when money coming in does not cover the money going out.

The drop in the expected reserves at Guildford is a large part of the problem, which could lead to the issuing of a **section 114 notice** at the borough council, effectively declaring itself bankrupt and stopping all non-essential spending.

Guildford's executive head of finance told Tuesday's meeting there is no legally required level of reserves that councils should maintain, but it came down to a “risk-based evaluation” of what he thought the council would need.

Peter Vickers said: “If an Armageddon happened and we got nothing in financially for a month or two, we still have to pay creditors etc. How much money do we really need? So it's a risk assessment.”

The lead councillor for finance and property said in Tuesday's meeting the problem for the council was not about cash flow but about servicing its debt, with borrowing costs “ballooning” and the council unable to afford them.

Councillor **Richard Lucas** (Lib Dem, Ash Vale) said the council was trying to avoid a section 114 notice, which could still come around in October when a new medium term financial strategy will be brought to the council. He said: “We will not deal with this by pretending there is no problem.”

What are the council's options?

The council will look at all the assets it has available, and work out which could be sold off, with Cllr Lucas saying each asset would be reviewed in terms of how much net income they bring in and how much they could be sold for.

The council's former leader, Cllr **Joss Bigmore** (Residents for Guildford and Villages, Merrow), raised concerns in Tuesday's meeting that officers were painting “too negative a picture” in conflating issues linked to the authority's council housing and general spending. He told officers: “If that's because you want to focus our minds, it's worked. But I don't think it's fair. I think this is slightly muddled.”

Cllr Bigmore said the council had strong options for capital assets it could sell off, that would not be done as a “fire sale” but would be about choosing to sell certain investments in favour of others that may be more profitable. He added: “We have a lot of options. It will be a colossal failure of this council if we have to issue a section 114 in October, because we have options.

“We're not a Woking. There are a lot of things we can do between now and then. So I have every confidence, if we work together we can do it.”

Other plans laid out by officers include “strict controls” on new spending, and the creation of a dedicated financial task force at a cost of £2m.

Mr Vickers confirmed no council housing would be sold off as part of the measures.

Who could be affected?

Councillors raised concerns about the impact on residents if services were to be cut, and particularly in the event of a section 114 notice being issued.

Residents in Croydon have seen a 15 per cent increase in their council tax after the issuing of a section 114 notice there, and neighbouring Woking is currently consulting its residents on which services they would like to see prioritised amid warnings up to 350 staff could be made redundant.

Mr Vickers said on Tuesday the council had to “focus on the vulnerable”.

With a legal obligation to protect the essential services that the council delivers, he said: “It’s not as simple as saying we’re just not going to spend money. We don’t get that option to be frank.”

While he said he did not want to prejudge what may be coming down the line, Councillor **Bob Hughes** (Conservative, Tillingbourne) said: “This is something that’s going to affect everybody in this borough. People will lose services, there are going to be problems, there could even be, as has happened at some other councils, large increases in council tax.”

What happens next?

Though the increased costs of the Ash road bridge and the 1,500 home **Weyside Urban Village** were put forward by officers as contributing to the problems, for the bridge at least, the cost of stopping would be the same as to continue on.

Cllr Lucas said the same was true for a key part of the Weyside Urban Village project in relocating a Thames Water sewage works, but that the overall project was likely to see changes down the line.

He said borrowing costs on the project would “balloon” after the point the medium term financial plan is set to look at, but councillors will be looking at the longer-term implications for the plan in due course.

At a meeting on Tuesday July 25, all councillors will debate the officers’ action plan for turning things around.

Cllr **George Potter** (Lib Dem, Burpham) called the recommendations being made a “wake up call” on the “crisis” the council found itself in. He said: “I’m really pleased with the transparency we’re showing here, with the fact that we are putting as much as we possibly can in the public domain. We’re being very frank and honest about the seriousness of this situation and we are being very clear about the scale of a challenge, and very clear about the scale of what might need to be done in order to deal with it.”

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Image: Weyside Urban Village. GBC/JTP design and access statement.