Surrey ratches up record fines for education failures

Surrey County Council is on pace to be hit with more than £1 million in fines and redress payments due to its repeated failures within its education service over the last two years. The council says the system doesn't work for families, schools, or local authorities – and has lobbied the government for changes, additional funding, and urgent reform.

The "record-breaking" fines, which have climbed from £47,000 in 2020 to more than half a million pounds last year and almost double its previous high of £258,730 in 2023, show the council has "lost control and continues to put vulnerable people at risk," according to opposition leaders. Now, Surrey County Council has paid £239,510.75 in financial remedies in the first six months of this financial year – putting it on track to hit £470,000 for the full 12 months and a million pounds in the past two years. The majority, £220,965.00, relates to its education services, with the largest individual payments arising from complaints about missed education or missed provision, reports show. These are made when a child is unable to attend school because appropriate or alternative support has not been provided, or where the provision agreed in an Educational Health Care Plan (EHCP) has not been put in place.

The three largest individual remedies paid out so far this year are about £11,000, £8,900, and £8,353 – primarily in recognition of time missed. The largest fine or payment in its Children's Social Care services so far is £8,325.12, in relation to "errors."

Clare Curran, Surrey County Council cabinet member for children, families, and lifelong learning, said: "We are working hard to reduce spend on fines, which we know is higher than it should be. Provision and support for children with SEND is a systemic issue that councils up and down the country are grappling with. The national system is not working for families, schools, or councils, and we and other bodies are consistently lobbying the government for wider system changes, additional funding, and urgent reform."

She said the council had also been working to improve the service with £15m put into a "three-year multi-agency recovery plan" in 2023, which was "now showing clear performance improvements." Cllr Curran added: "The volume of stage one complaints received in the first six months of this year has decreased compared to the same period in the last two financial years, reflecting the efforts made by services across the council to resolve complaints early on and in the timeliness of responses. We also recognise that delays in issuing Education, Health and Care Plans (EHCP) have historically contributed to missed provision and subsequent fines, however progress is being made in this area too.

"Our average EHCP timeliness levels in Surrey over the six months from September 2024 – February 2025 is 72 per cent, well over the national average of 50.3 per cent. We have also caught up on the backlog of Education, Health and Care needs assessments, and over 75 per cent of overdue annual reviews have now been brought up to date. We expect these improvements to start having an impact on the number of Local Government Ombudsman cases in the near future.

"We are resolute in our ambition to continue to improve services and outcomes for children and young people with additional needs and disabilities so that they are happy, healthy, safe, and confident about their future."

Councillor Paul Follows, Liberal Democrat group leader at Surrey County Council, said the authority had been promising to fix children's services for years but has had little to show for it so far. He added: "Surrey County Council have for years been promising families that they would get a grip of children's services and SEND provision, and as these record-breaking fines indicate, they have lost control and continue to put vulnerable people at risk."

New Surrey County Council HQ, Woodhatch Place on Cockshot Hill, Reigate. Credit Surrey County Council

Who will be saddled with Spelthorne's and Woking's £3 billion debts?

The Surrey Borough of Spelthorne's financial crisis is "even more critical", with millions in cuts needed to avoid catastrophic bankruptcy, says new report.

Best value inspectors were called in to review the council's finances in May 2024 in light of extremely high levels of debt and borrowing. Spelthorne's debt reached £1.096 billion in March 2023 – the second highest level of debt for a district council in England at the time.

The findings of the inspection have been published today (March 17). The report highlights that the council "is in a critical financial position, burdened by unsustainable debt levels, significant investment risks, and systemic governance weaknesses".

Between 2016 and 2018, Spelthorne Borough Council borrowed around £1 billion to invest in a commercial portfolio of Grade A office buildings and residential land in and around the borough. But slow progress on regeneration and housing projects highlights a limited understanding of regeneration delivery as well as finance and risk, the inspectors said.

Best Value Inspectors concluded: "The council's use of its resources is inadequate". In the damning report, they said Spelthorne's approach to property acquisitions "lacked due regard to long-term planning and risk management" and had an "overly-optimistic reliance on consistency" of the market that the Council first entered.

The report said: "The combination of voids, expiring leases, and falling income streams from the investment portfolio threatens the stability of its budget. Adding to the strain are the ongoing revenue costs of housing and regeneration projects, which were suspended in late 2023. Despite these mounting financial pressures, no clear path forward has been outlined to address them."

The recovery process will be overseen by government-appointed commissioners. Minister of State for Local Government and English Devolution, Jim McMahon, wrote to leader Cllr Joanne Sexton to say the local authority is failing in its 'best value' duty to residents, essentially meaning the authority is defecting on its ability to make decisions that are economic, efficient and effective and work towards continuous improvement.

Inspectors said the council has a "poor record" of fully and effectively implementing recommendations from external reviews. The report read: "Senior officers display an optimism bias and a lack of awareness of the true situation facing the council. We do not believe the council has the capacity and capability to make the urgent changes needed without significant external support."

Both the inspection and the recent external audit found errors in the council's financial practices including the miscalculating the minimum amount Spelthorne needs to keep paying back its debt, incorrectly classifying expenses as assets, further undermining the revenue budget.

"The outline budget report for 2025/26 to 2028/29 presented to members on December 9, 2024 shows the need to deliver £8.6 million in savings by 2028/29, equating to 64 per cent of the council's core spending power for 2024/25, or 33 per cent of the net budget, assuming contributions from commercial income. In our view, even these projections are understated. Despite this, we have seen no credible strategy in place to achieve savings of this level," said the report.

Leader of Spelthorne Borough Council, Cllr Joanne Sexton, said, "This Group Administration has faced a challenging time and has been actively pursuing the right solution to manage the historical debt that it has inherited. We have met with the Local Government Minister from central government, and we have agreed to work in partnership to take decisive action in the remaining time we have before local government reorganisation is implemented. Our pledge remains that we will always put residents at the heart of everything we do."

The council's senior management team also came in for criticism in the report. Inspectors said the team seemed "overly confident" and "appear to underestimate the scale of the financial risks". Member challenges remain "limited" according to the report, with many councillors not fully understanding the risks at hand. Inspectors highlighted there was a "wider breakdown" of relationships between senior management and the political leadership.

The findings of the inspection highlight the council is failing to meet best value standards in five critical areas:

- Use of Resources;
- Continuous Improvement;
- Governance;
- Leadership;
- Culture.

Inspectors have published thirteen recommendations for Spelthorne:

- 1. Commissioner-led intervention
- 2. Comprehensive commercial strategy
- 3. Review and strengthen asset management
- 4. Review of the Council's Minimum Revenue Provision

- 5. Revised Medium-Term Financial strategy
- 6. Debt reduction strategy
- 7. Transformation strategy development
- 8. Review and strengthen finance function
- 9. Improvement and recovery plan
- 10. Revised Corporate Plan
- 11. Audit Committee structure
- 12. Culture and relationship building
- 13. Housing delivery

Emily Dalton

Spelthorne Borough Council offices in Knowle Green, Staines. Credit: Emily Coady-Stemp

Chris Caulfield compares Woking and Spelthorne:

The "critical" state of Spelthorne Borough Council's finances means it must cut at least £8.6 million from its budget by 2028. To put that into perspective, bankrupt Woking Borough Council made £8.4 million in cuts last year in an effort to right its own mess. It managed it by cutting 20 per cent of its workforce, scrapping all grant funding to community groups, and shutting services such as public toilets.

Spelthorne Borough Council's finances are "unsustainable", with a £1 billion pound debt and a falling income stream. It means the authority must also cut millions in services to avoid the catastrophe of bankruptcy. The damning critique of the north Surrey council's sitation was published today, Monday, March 17, on the back of a best value review into the way the borough has been managed.

Spelthorne Borough Council, like Woking, borrowed heavily to invest in property and used the income to pay for services above and beyond what it could have otherwise afforded. And, again like Woking, it failed to put enough money aside to cover the cost of debt interest repayments.

"In essence, the council's revenue budget is under far greater pressure than recognised by the council. Inherent risks are beginning to materialise, and could accelerate rapidly", the Spelthorne Borough Council: Best Value Inspection report read.

It comes as the government confirmed it was proposing an intervention package, including appointing commissioners to oversee changes in how Spelthorne Borough Council is run because the borough lacks experience needed to make the cuts and had "no credible strategy in place to achieve savings of this level."

Spelthorne has to shed £8.6 million from 2028/29 budget. Last year Woking Borough Council - the only local authority with a higher per capita debt than Spelthorne - achieved £8.4 million in savings.

This is how residents and community groups in Woking were affected. It is being used to paint a picture of what cuts at that scale look and feel like

How Woking achieved its savings.

- Centres for the community and day care facilities closed and merged
- Sports pavilions transferred to sports clubs to take over and "ensure as many of these facilities can remain open".
- Grants to voluntary and community groups stopped
- Woking Community Transport reduced but reviewed annually as part of the council's Medium-Term Financial Strategy.
- Grounds maintenance and street cleaning services scaled back to statutory levels.
- Independent living and family services transferred to Surrey County Council or other boroughs, which means they will

continue to operate as normal with no impact to services users.

- Business liaison and support services will be scaled back
- All public toilets closed, except those located in Victoria Place and Wolsey Walk in Woking Town Centre.
- Fees and charges increased
- Loss of up to 60 council staff
- Council tax was also increased that year by 10 per cent. Since then it has risen by a further 2.99 per cent.

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Woking's whopping bail out and tax rise

Epsom & Ewell ranks in the middle of Surrey Councils' tax charges

Residents will face another jump in council tax bills from April 1 as local authorities have announced their budgets for the coming year. Surrey County Council, the Police and Crime Commissioner, and each of the county's 11 districts and boroughs, confirmed their increases separately last month, with council tax bills and collection being the responsibility of the districts and boroughs.

Police and Crime Commissioner Lisa Townsend confirmed a rise of £14 per year for residents amid an increase in national insurance contributions and officer pay rises. While Surrey County Council, responsible for adult social care as well as services including road repairs and schools, increased its tax by 4.99 per cent on Band D homes.

Meanwhile, many local authorities have had to make tough decisions to balance the books. Councils slammed the government for giving an 'unkind' or 'difficult' financial settlement, meaning they have had no increase in spending power. Inflation, wage rises and rocketing costs for employer's national insurance contributions have all pulled at the seams of councils' pockets.

	Borough Council	Band	D
1	Woking	£	2,482.03
2	Reigate and Banstead	£	2,448.79
3	Elmbridge	£	2,442.06
4	Surrey Heath	£	2,439.20
5	Tandridge	£	2,436.24
6	Epsom and Ewell	£	2,416.84
7	Spelthorne	£	2,412.78
8	Waverley	£	2,397.78
9	Guildford	£	2,388.01
10	Mole Valley	£	2,381.20
11	Runnymede	£	2,380.06

Table created by Epsom and Ewell Times

Could Woking's debt be shared by you after reorganisation?

Chris Caulfield of the BBC's Local Democracy Service brings us the latest twist in the awful Woking Borough Council debt crisis. Its £2.1 billion debt accumulated under a Conservative administration from unwise property dealings. The Labour Government is driving forward a reorganisation of Surrey's local government and there is anxiety that Woking's debt will be spread to a wider Council tax payer base as a result. Could Epsom and Ewell householders end up paying for the mistakes of Councillors they did not elect?

Even if bankrupt Woking Borough Council sold everything it owned, it would still be more than £1.5 billion in debt. The huge figure was published as part of the ongoing reports Government commissioners must produce on the broken borough as it goes through the painful process of rebalancing its books.

The report stated that while the council, which declared itself bust in 2023 following a disastrous regeneration program that saddled residents with huge tax rises and massive service cuts, was taking steps to sell off its assets, the level of debt was still such that it needed significant government support. Published on March 6, the report revealed that the council had a core spending power of £16.9 million a year – but servicing its £2.1 billion debt was costing £1.3 million a week in interest alone.

"Even if everything else could be disposed of, the level of overhanging debt would still be significant, over £1.5 billion, as the level of debt far exceeds the value of assets," the report stated. It added that some assets, such as the council's social housing valued at £400 million, had to be retained. However, if the council did nothing, the annual interest costs and loan servicing would average £70 million and £73 million a year respectively, "which would add significantly to the level of debt."

The council was granted Exceptional Financial Support for the next two years, allowing it to cover interest and other revenue costs. However, the commissioners warned: "With no ability to repay the exceptional financial support through asset sales, let

alone all the legacy debt, the position is not sustainable. Work is underway to determine the best exit strategy from the commercial legacy, which we are engaging with government on, and it is recognised that a long-term financial solution will not be in place for the 2025/26 budget process. However, the current position is not viable, and commissioners are keen to continue engaging with government on the route forward."

Responding on behalf of the Ministry of Housing, Communities and Local Government, Baroness Taylor of Stevenage acknowledged the bleak situation but stated that the department was reassured Woking Borough Council was committed to radically overhauling its operations. Serious concerns remained over the task ahead and the potential impact on the impending reorganisation of local government – the dissolution of Surrey's boroughs, districts, and county council, to be replaced with either two or three larger unitary bodies with an elected mayor.

Baroness Taylor wrote: "I share your concerns about the capacity of the council to deliver this programme of change and encourage you to work with the council and the ministry to consider how we can best enable the council to improve, for the benefit of residents. We have been clear with councils in Surrey that commissioners have a vital role, not only in supporting Woking to continue to improve but also in responding to the invitation to all principal authorities in Surrey to provide proposals for local government reorganisation, to ensure that proposals are robust."

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Council Finances Under Strain as National Insurance Rises and Reorganisation Looms

A new report from the Local Government Information Unit (LGIU) has raised serious concerns about the financial sustainability of councils across England, including those in Surrey. The 2025 *State of Local Government Finance* report reveals that fewer than one in ten senior council officials are confident in the future stability of local government finances. With spiralling service demands and National Insurance Contribution (NIC) rises adding further pressure, councils are facing a perilous financial future.

The government's plans for local government reorganisation are also causing alarm, with fewer than one in four council officials believing it will improve council finances. Only one in ten feel they have been properly involved in the process, while just one in five think the proposed timescales are realistic. The lack of clarity around reorganisation has left many councils uncertain about their financial future.

The LGIU report warns that 6% of councils could be effectively bankrupt by the end of this financial year unless urgent reforms are made. Without significant changes, that figure could rise to 35% of councils by 2030, meaning over 100 local authorities may be forced to issue Section 114 notices – the legal declaration of financial failure.

Surrey Councils at Risk

Surrey's councils are already feeling the strain. Epsom and Ewell Borough Council recently admitted that it faces severe financial challenges, while neighbouring authorities such as Surrey County Council and Guildford Borough Council have been forced to make significant budget cuts. Just last year, Woking Borough Council issued a Section 114 notice, effectively declaring bankruptcy due to unsustainable borrowing and financial mismanagement.

There are concerns over how the government's reorganisation plans might impact Epsom and Ewell. If plans for widespread restructuring go ahead, smaller councils like Epsom and Ewell could face further financial uncertainty and potential absorption into larger authorities, reducing local accountability.

Tax Rises, Cuts, and Borrowing

To plug the financial gap, councils across the country – including those in Surrey – are turning to drastic measures. The LGIU survey found that:

- 94% of councils plan to increase council tax
- 88% will raise fees and charges for services
- 22% intend to borrow more money
- 63% will reduce spending on services
- 56% will use their financial reserves to balance the books

For many councils, this will be the second year in a row of raiding their reserves - a short-term fix that is not sustainable.

In Surrey, these pressures have already led to service cutbacks. Epsom and Ewell Borough Council has warned that further reductions in public services may be necessary, while Surrey County Council is grappling with a funding gap running into tens of millions of pounds. The rising demand for temporary accommodation, adult social care, and children's services continues to place unbearable strain on local budgets.

Calls for Urgent Reform

The LGIU report highlights near-total consensus among council leaders on the need for major financial reforms. A massive 92% of respondents support the introduction of multi-year financial settlements, which would allow councils to plan their budgets with greater certainty. Additionally, 77% of officials back council tax reform, while around 75% want more fiscal powers, such as the ability to introduce tourism taxes or local sales taxes, as seen in other countries.

Jonathan Carr-West, Chief Executive of LGIU, said:

"At the end of last year, the government made clear that devolution, reform of the local government finance system, and public sector reform should go hand in hand. Our survey shows in stark detail that they are not currently aligned in any meaningful way.

While there is some optimism about multi-year settlements, councils are deeply concerned about the impact of reorganisation and NIC increases on already overstretched budgets. Councils do not believe they have been given sufficient clarity, involvement, or time to prepare for these changes."

The LGIU has called for the government to introduce a standing commission to oversee local government reorganisation and for councils to be given greater financial powers. Without urgent reform, councils across England - including in Surrey - face an increasingly bleak financial future.

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Epsom & Ewell Borough Council: Financial Crisis or Manageable Deficit?

Ex-Council Officers under investigation for Woking's £2 billion debt

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Another Surrey Borough under financial strain

"Hard" times are coming to Surrey Heath Borough Council residents as millions of pounds are being cut from services, with many reduced to minimum standards, as its bleak financial situation became clear. The borough is saddled with high debt repayments to cover the cost of loans it borrowed to finance and purchase Camberley Square and the House of Fraser. The costs of servicing the debt are said to be almost as much as the council brings in through tax.

Plans to sell the town hall for housing and move into the House of Fraser building have also been put on ice due to the imminent

restructuring of local government and the likely abolition of borough and district councils. It leaves the council having to rely on rapidly depleting reserves while it guts services to residents – or face going bust.

At the February 19 full meeting of Surrey Heath Borough Council, members agreed to make cuts of £2.143 million in 'transformation savings' while drawing down £21.67 million from earmarked reserves. This comes after years of uncertainty over the council's finances – which have finally been audited for the first time since 2019.

The budget papers read: "The council now has a greater understanding of its level of reserves, the figures contained within its base budget and the overall size of the deficit. This is not a palatable situation and requires some significant transformational savings, efficiencies and additional income generation just to remain solvent over the period covered by this Medium-Term Financial Strategy (the next four years). Over the previous budgets, the council has applied some of its reserve balances to support regeneration and continued delivery of services to the local residents and businesses; however...this is not sustainable in perpetuity. Previous years have seen an annual base budget review exercise which generated £2.1 million overall savings to the council. These have not been sufficient to bridge the budget gap and have only succeeded in 'buying more time' on reserve usage; the council is now embarking on a council-wide transformation programme."

This includes a full review of all discretionary services and a restructuring of what it provides to residents. The report read: "The desired outcome of reducing the cost of delivery through reduction in the non-statutory element level of service, ensuring compliance with only the minimum statutory requirement and ensuring appropriate cost recovery in the discretionary chargeable services offered." There will also be a full review of the staffing structure as this makes up the majority of controllable costs of services.

The council has also said it would look to sell off assets and has identified some that could be disposed of. However, its two largest assets, and the ones that are primarily the root cause of much of the council's financial problems, are now worth significantly less than what Surrey Heath paid. Selling these would result in huge losses.

Councillor Shaun Macdonald, leader of Surrey Heath Borough Council, said: "As expected, the view is not pretty. We are now clear that the numbers we inherited were fundamentally misstated, with the reserves being confirmed as £16m lower. That's about a third of a haircut versus the total. Therefore, our ability to provide the same services to residents that they've been used to is nonexistent."

He told the meeting: "Putting the properties to one side, our core income is about £13m and our core cost of services is roughly £15.8m. It does not take an accountant to understand that's a difference of £2.8m a year – and that is before net indirect costs of roughly £5.3m, which is predominantly made of interest and debt repayments – less property income – to pay for the reckless purchases made in 2016 and which will remain a significant number for future generations. So what are our choices to address this longer term? Well, there are only two options: reduce costs and increase income further.

"Our ability to increase income is extremely limited, therefore the budget increases council tax by the permitted maximum of 2.99 per cent." He said the maximum contribution must come through cost-cutting, through efficiencies, and through transformational change.

He added: "This is easier said than done. Not least with the cost of change to factor in. We simply have to stop doing things that we do today if it can't pay its way or it's not a statutory service, and that is hard. It's hard for us collectively in this chamber, it's hard for the officers who work very hard to provide our services, to provide our residents with the best services they can. It's hard for our residents who are used to having what they've had as a service or the support that they've been given through grants."

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What Epsom could do with Woking's £75 million bail

out?

Critical front-line services will be spared after a huge government 'bail out' was agreed, bankrupt Woking Borough Council has said. Officially referred to as Exceptional Financial Support for local authorities, Woking Borough Council has been given £74.9 million for the 2025/26 financial year on top of the £96.5million agreed for 24/25.

Woking declared itself effectively bust in 2023 with debts of about £2 billion. It forced the council to cut new spending, axe non-statuary services and increase tax by 10 per cent.

It used the money to build up what it hoped would be a significant investment portfolio but instead saddled itself with huge debt repayments costing tens of millions of pounds every year that it simply can not afford.

It has left the council relying on the Government to cover the cost of its heavy borrowing, known as minimum debt repayment. And this week came the news that it would receive all the money it has asked for – including a further £ 2.8million to cover the cost of providing services this year.

Had the Government refused completely the council would have ground to a halt. Councils also have to, by law, balance their books each year, and the £2.8m above and beyond debt repayment was agreed as it was viewed that Woking Borough Council has been doing what it can to reduce its spending.

This has included mass layoffs, the sale of assets, and finding partners to take over the running of others. Had any further cuts been made in such a short period of time, the results would have been 'catastrophic' to both the council and residents it had been said.

The government cash comes as part of 30 councils overall that have been given support to manage financial pressures – such is the widespread problem of local government finance.

Cllr Ann-Marie Barker, Leader of Woking Borough Council, said: "I welcome the Government's decision to provide exceptional financial support. Critically, this will ensure that the council can meet its financial obligations relating to its £2.1 billion legacy debt without impacting front-line services and will allow us to set a balanced budget at a meeting of Council on Monday 3 March.

"We continue to urgently address the council's legacy debt through work being undertaken as part of our Improvement and Recovery Plan on asset rationalisation, debt reduction and improved commercial governance.

"We remain committed to working alongside Commissions and Government to find a lasting resolution to our complex and challenging financial situation."

In January 2023, an external assurance review covering Woking Borough Council's governance, finance and commercial issues was carried out. It provided an external assessment of Woking Borough Council's governance arrangements, financial situation, commercial investments and its capacity and capability to manage these.

The Secretary of State was not satisfied that the pace or scale of the council's response was proportionate to the issues it faced and decided immediate urgent government action was required, – and On May 25, 2023, he decided to intervene and appointed the review team as commissioners.

By June that year the council declared itself bankrupt and by October, the Commissioners spoke of the gravity of the situation in Woking and the scale of the challenge the council faced.

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Epsom & Ewell Borough Council: Financial Crisis or

Manageable Deficit?

Epsom & Ewell Borough Council is under increasing scrutiny following the resignation of Councillor **Alex Coley** (Independent Ruxley Ward) from the ruling Residents' Association (RA) group. His resignation letter cites a failure to address the "unhappy truths" about the borough's finances and warns that 2026 could be the year the Council "runs out of money". But is this a political exaggeration, or do the financial documents substantiate these concerns? A recent 78-page financial report prepared for councillors at the end of January 2025 sheds light on the borough's economic standing.

Cllr Coley, who has served in various leadership capacities—including Vice Chair of Audit & Scrutiny and Chair of Community & Wellbeing—states that despite his efforts to get clarity on the financial trajectory of the Council, he has been left without clear answers. His conclusion? The Council is heading for a financial crunch by 2026 with no viable plan in place to prevent it.

The specific concerns he raises include:

- Budget uncertainty for 2025/26 and beyond.
- Financial instability of Council-owned properties, which could have wider implications for the borough's assets and revenue streams.
- A lack of a clear strategy to prevent the Council from exhausting its financial reserves.

The Financial Report: Does It Confirm the Warnings?

The Financial Strategy Advisory Group's report (31 January 2025) is a key document shaping the Council's budget. Several aspects of this report support Cllr Coley's concerns:

1. A Deficit on the Horizon?

The Council's 2025/26 budget is delicately balanced, but its long-term financial plan suggests a deficit by 2026/27, growing further in 2027/28:

Year	Net Expenditure (£m)	Expected Income (£m)	Funding Shortfall (£m)
2025/26	10.27	10.27	0
2026/27	11.48	10.40	1.08
2027/28	12.24	10.72	1.52
2028/29	12.85	11.06	1.79

The projections indicate a potential funding crisis by 2026/27 unless new revenue streams or savings are identified.

2. Property and Investment Risks

- The Council relies significantly on income from its commercial property portfolio, including investments through Epsom & Ewell Property Investment Company Ltd (EEPIC).
- Rental income from commercial properties contributes £1.35m annually to the Council's budget, but there are concerns over sustainability if market conditions shift.
- In addition, £448,000 of this income is required to fund day-to-day services, raising questions about financial resilience.

3. Shrinking Government Support

■ The New Homes Bonus (NHB), which has provided additional income, is set to shrink dramatically from £498,000 in

2024/25 to just £6,000 in 2025/26.

- The Government's Core Spending Power allocation to Epsom & Ewell Borough Council is effectively stagnant at £10.2m, meaning the Council is not receiving inflation-adjusted increases.
- The Fair Funding Review scheduled for 2026/27 could further reduce financial support for district councils like Epsom & Ewell.

4. Business Rates Volatility

- The Council is highly dependent on business rates, yet its share of retained rates is forecast to fluctuate. In 2025/26, it expects to retain £1.8m, but past years have shown this figure is not guaranteed.
- There is a £282,000 deficit in the business rates collection fund, a concern for future budgets.

Council Tax Increases as a Stopgap?

To address some financial pressures, the Council is proposing a 2.98% increase in Council Tax for 2025/26, which would:

- Raise an extra £228,467.
- Increase the average Band D household bill from £226.17 to £232.92 per year.
- Be just below the government's 3% cap before requiring a referendum.

However, even this increase will not be enough to fully close the funding gap beyond 2025/26.

What This Means for Residents

If Cllr Coley's concerns hold true, services could be at risk in 2026 and beyond. Potential consequences include:

- Cuts to local amenities, including cultural venues and community support.
- Higher fees for Council services, as seen in the proposal to increase charges by 6% in 2025/26.
- Reliance on reserves, which could lead to financial instability in the future.

Local Government Reorganisation: A Game-Changer?

Surrey County Council has been advocating for the creation of a unitary authority, which would absorb district and borough councils like EEBC. This move could:

- Reduce Bureaucratic Costs Eliminating multiple layers of government could generate savings.
- Redistribute Resources EEBC's financial issues might be alleviated if its budget were merged with Surrey's broader funding pool.
- Dilute Local Control While cost efficiencies could be achieved, decision-making might shift away from communityfocused governance.

If reorganisation proceeds, EEBC's financial crisis may become a moot point as budget planning is absorbed into the county-wide strategy. However, if the process is delayed or abandoned, the borough must act independently to avoid financial distress.

Conclusion: A Crisis in the Making?

While the Council insists its 2025/26 budget is balanced, the financial report confirms a growing structural deficit, aligning with Cllr Coley's warnings. The reliance on property income, shrinking government support, and an increasing budget gap suggest that by 2026, tough financial choices will be inevitable.

Cllr Coley's warnings are not entirely unfounded, but the financial data suggests that EEBC is not yet on the brink of insolvency. The real risk lies in the structural deficit and growing debt burden, which must be addressed through a combination of revenue generation, cost-cutting, and strategic planning.

The key question remains: What is the Council's plan beyond short-term fixes? Without a comprehensive long-term strategy, the borough may indeed be heading towards the financial cliff that Cllr Coley has predicted.

Related reports:

Prominent Residents Association Councillor leaves the fold

Epsom & Ewell Full Council Meeting: Budget Approved Amid Debate

Ex-Council Officers under investigation for Woking's £2 billion debt

Two former officers at Woking Borough Council are being investigated over their roles in Woking Borough Council's bankruptcy. The Financial Reporting Council (FRC) has confirmed that it is looking into the "professional standards" of two "individual accountants" in respect of Woking Borough Council's operations and investment activities for the financial years ended 31 March 2017 to 31 March 2023.

While the FRC has not identified the two people involved, former CEO Ray Morgan has confirmed to the Local Democracy Reporting Service he is being investigated. The Guardian has named the other as Leigh Clarke, who was the council's chief financial officer until 2023. Shortly after her departure the council's interim section 151 officer declared Woking bankrupt with debts of more than £2 billion.

Since then the council has had to cut huge numbers of jobs, increased its share of tax by 10 per cent and slashed funding to services and facilities. It is the second time the FRC has investigated council officers. In January 2024 it began an investigation into a former member at Thurrock Council after that authority admitted to a £469m budget black hole.

If that is any indication of timescales, it could easily be more than a year before a decision is reached in Woking. FRC sanctioning powers range from issuing unlimited fines down to a slap on the wrist. It can also strip people of their membership of professional bodies.

Both Ray Morgan and Leigh Clarke were named in the Grant Thornton report published on Tuesday, November 5 that examined the scale of Woking's borrowing. The report found a "long and atypical history of borrowing from the Public Works Loan Board" ran between 1999 and 2020.

Borrowing accelerated rapidly between 2016 and 2019 – primarily to fund regeneration projects such as Victoria Place and Sheerwater but also to cover running costs at its companies as well as loans to a private school. The Grant Thornton report read: "There was a strong message, over a period of many years, from the former CEO, Ray Morgan, that if debt could be serviced it was possible to borrow as much as the council wished, for whatever purposes it chose."

Will Forster said: "As Woking's MP, I've called for those who effectively bankrupted our local council to be held to account. Pleased to see that the Financial Reporting Council, the UK's accounting watchdog, is investigating Ray Morgan and Leigh Clarke, two former senior council figures."

Responding to the news, Cllr Ann-Marie Barker, Leader of Woking Borough Council, said: "Since the council fully accepted the recommendations of the independent Grant Thornton public interest report, Government-appointed commissioners overseeing Woking Borough Council's financial recovery have been liaising with relevant professional bodies.

"As a result, the Financial Reporting Council (FRC) has confirmed investigations into the conduct of two former employees.

"Woking residents deserve complete transparency and for those responsible for the borough's financial issues to be held accountable. We will therefore do whatever we can to assist the FRC in their investigations."

The FRC statement read: "This press notice concerns the opening of an investigation into the relevant individuals. The investigation does not relate to any persons or entities other than the relevant individuals and it would not be fair to treat any part of this announcement as constituting or evidencing an investigation into any other persons or entities.

"The Financial Reporting Council has commenced an investigation under the Accountancy Scheme into the conduct of two individual accountants in relation to their compliance with governance, reporting, regulations and professional standards in respect of Woking Borough Council's operations and investment activities for the financial years ended 31 March 2017 to 31 March 2023.

"The individuals are no longer employed by the council. The decision was made at a meeting of the FRC's conduct committee on 17 December 2024. The investigation will be conducted by the FRC's executive counsel."

Epsom & Ewell Full Council Meeting: Budget Approved Amid Debate

Epsom & Ewell Borough Council held a full council meeting on 11 February 2025, where key issues, including the approval of the council's budget, the mayor's upcoming engagements, and urgent council business, were discussed.

Mayor's Address

The meeting opened with prayers led by Reverend Esther Holly Hunt, followed by an address from the Mayor, Cllr **Steve Bridger** (RA Stamford) who reflected on recent civic events, including the 50th anniversary of the Epsom and Ewell Talking Newspaper, the 100th anniversary of the Epsom Rotary Club, and the forthcoming 80th anniversary of VE Day. The Mayor also highlighted the upcoming Mayor's Ball at Epsom College and the opening of the newly step-free Stoneleigh Station.

Budget Debate and Approval

A crucial part of the meeting was the discussion of the council's budget for 2025-26. Councillor **Neil Dallen** (RA Town), Chair of the Strategy and Resources Committee, presented the budget, outlining the financial challenges faced by the borough, including homelessness, climate change policies, and government funding uncertainties.

The opposition groups, including the Liberal Democrats, Labour, and the Conservatives, expressed concerns over housing shortages, procurement processes, and local plan delays. Councillor **Alison Kelly** of the Liberal Democrat group (Stamford) criticised the council's lack of action in addressing social housing and discretionary housing payments. Labour Councillor **Kate Chinn** (Court) challenged the proposed council tax increase, arguing that it would place an undue burden on residents. Meanwhile, the Conservatives called for greater scrutiny of council spending and planning decisions.

Many councillors who voted against the budget voiced concerns over the council's financial priorities. Labour representatives particularly highlighted the continued reliance on temporary accommodation for those facing homelessness, arguing that the budget did not allocate enough funding to long-term housing solutions. The Liberal Democrats criticised the slow progress on infrastructure projects and the perceived lack of transparency in procurement decisions. The Conservative group, on the other hand, raised issues regarding planning enforcement and the handling of the local plan, arguing that the administration was failing to provide long-term economic sustainability for the borough.

Some opposition members also questioned the feasibility of the proposed budget adjustments, warning that future financial strains could lead to service reductions or higher tax burdens in the coming years. They argued that without a more robust financial plan, the council risked further instability, particularly in areas such as waste management, policing support, and community welfare.

Following the debate, the budget was put to a recorded vote and was approved, despite opposition from some eleven councillors including several Residents Association members against 23 who voted to pass the budget.

Withdrawal of Motion

A motion initially set for discussion was withdrawn at the request of Councillor Dallen. The motion pertained to potential by-election arrangements and was removed following guidance from Surrey County Council, which advised that any by-elections held before May 2026 would need to be conducted under existing boundaries.



Confidential Discussions

Towards the end of the meeting, the council entered a closed session to discuss an urgent item containing exempt information, leading to the exclusion of the press and public.

The meeting highlighted the ongoing challenges faced by Epsom & Ewell Borough Council as it works to balance financial constraints with the needs of local residents. The approval of the budget ensures continued funding for essential services, though the opposition has signalled that they will continue to scrutinise council decisions closely.