

## ‘Crisis point’ in local government funding

21 March 2024



Parties from across the spectrum called on the next government to change its funding model for local councils, claiming it is “not fit for purpose”.

Councillor **Robert Evans** (Labour, Spelthorne) told Surrey County Council (SCC) it should call on the next government to bring in a “fairer and robust system to replace council tax”. He put forward the motion at Surrey’s full council meeting on Tuesday, March 19.

Introduced in 1993, council tax is based on 30-year-old property valuations (from 1991). This is not affected by changes in house prices or how much the property is worth today.

Average house prices in Surrey have risen over 400 per cent, from £103,569 in January 1995 to £525,897 in December 2023.

Leader of the County Council **Tim Oliver** (Conservative, Weybridge) said the issues are not party-political, but “local government vs central government”. He added: “Everything should be put on the table. We are now at a crisis point within the local government and we need to do something different.”

Wage inflation, general inflation and soaring demands in adult social care and child services have squeezed council budgets, exceeding the income received from central government. The Local Government Association (LGA) found councils have suffered a 27 per cent real-terms cut in core spending power since 2010.

Council tax for Surrey residents will increase a further 4.99 per cent from April, as the county leader claims £1.2bn net is needed for the council. Around 70 per cent of SCC’s budget is spent on social care. With Surrey’s older demographic and ageing population, the demands on care are likely to increase.

Deputy leader for bankrupt Woking Borough Council, Cllr **Will Forster** (Liberal Democrats) said: “When there is so much cross-party consensus, in and out of the political spectrum, I think something is up.”

Cllr Forster said as a “ridiculous comparison” , Buckingham Palace, valued at £1bn, sits in Band H and pays just over £1,800 council tax, which is equivalent to a Band B property in Surrey.

In the short-term, Cllr Evans suggested the government could introduce new council tax bands “so the wealthy in larger homes could contribute a fairer percentage of their income to Surrey”.

He also suggested as a long-term proposal, to replace council tax, stamp duty and the bedroom tax with a “proportional property tax based on property values updated annually”. Another “more radical” option would be a land tax as land or a site itself- not the buildings or anything on it would be valued.

Discussions on local government funding were extended to include reforming business rates and highways funding. Speculative options also mentioned a local levy on fuel duty and petrol stations, airport tax, tourists charges, increased fines in breaches of highway rules.

The motion was resolved that SCC would lobby the next government, following the General Election, to overhaul local council funding.

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## It’s not a fair cop? Cllr. Coley on police funding

21 March 2024



Did you know that Surrey is the only police area in the country where local residents pay more towards policing than central government? The share of the burden is 55% Council Tax precept, versus 45% government funding.

The average Council Tax precept contribution in England and Wales is 34% and is growing faster than any other funding area. Government capital funding and funding for national priorities like serious violence is decreasing. From March 2016 to March 2024 the Council Tax precept nationally has increased by a total percentage of 71%. While government funding from March 2016 to March 2024 has only increased by 29%.

We are approaching a point where other police areas will join Surrey and cross the line where the Council Tax precept provides the majority of funding. Within three years a third of police areas may cross that point, in five years it could be half. Not only are residents being taxed twice for policing, many will soon face being directly taxed for the majority of police funding contributions where they live, just like in Surrey.

A quiet and gradual funding shift by stealth. We may find ourselves experiencing American style policing, where your local police are exclusively bought as a service paid for with a property tax. You only have to look at what happened in some US towns and cities when wealthy people moved out and funding collapsed. Criminal gangs move in sensing weakness and create a cycle of deprivation and self-reinforcing criminality driven by ever decreasing budgets that deter investment and prosperity. I am determined we don’t end up like that and the government provides fairer funding.

At a meeting of the Surrey Police & Crime Panel we were asked to vote on the Police & Crime Commissioner’s maximum increase to the precept. I asked her to consider other funding sources because of the impact of yet another maximum increase on residents suffering from the cost-of-living crisis after years of austerity. She had her staff answer for her: “What do you want us to do, pass a hat around?”

The Police & Crime Commissioner has £43m in treasury management, she underspent by £8.7m last year and is forecast to underspend again this year. Your Council tax is going into her reserves, while police officers are taken off the streets to cover desk jobs for staff vacancies. Little wonder that the recent inspection report assessed Surrey Police as ‘Inadequate’ at responding to the public.

I am petitioning parliament to change the police funding allocation formula so council taxpayers don't contribute more to their police force than government.  
Please sign the petition here: [alexcoley.uk/petition](https://alexcoley.uk/petition)

## “Bonkers but essential” job to cut back jobs?

21 March 2024



‘Bonkers but essential’ is how a new £75,000 job, running bankrupt Woking Borough Council’s decimated leisure and communities services is being described.

Last month, the council cut more than £8million from its budget; slashing spending on daycare centres, Citizens Advice Woking, and telling Pool in the Park to become self-sustaining or risk closure.

Now, it is advertising a new Head of Leisure and Communities to oversee the service and, on top a basic salary of between £65,624 and £76,439 a year, includes a £3,255 ‘flexible benefits allowance’.

The advert, which runs until March 24, is seeking somebody to lead on the “commissioning, oversight and delivery of a range of leisure and community services, ensuring the facilities are operated in the most efficient, effective and sustainable way.”

The successful candidate will be in charge of leisure contracts, sports and leisure services, arts and culture, community centres, and community safety.

A spokesperson for Woking Borough Council described the role as “a permanent position” adding that it was “essential to ensuring these services can move to a self-financing position through strong and effective partnerships, including managing the Council’s leisure contract.”

The outgoing postholder played a key role in making it possible for the borough to retain as many of the services it has, in the face of the necessary swinging cuts needed to balance its books. Leader of the opposition, Councillor Kevin Davies said: “Ultimately you can argue that it s a non-statutory service, but the residents of Woking have made it extremely clear that they see it differently.

“On the face of it, the high value of the role is galling particularly as people have been made redundant but the (post holder) will be responsible for a lot of services that people hold dear.

“Will the council come across as tone deaf? Of course, but the residents want these services as at the end of the day.

“It looks bonkers, but it’s to protect something that people see as absolutely valuable. We need a really good person and the incumbent has done a really good job in protecting as many of the services we could – without him we’d have lost Pool in the Park.”

He added that the service would soon become a “shadow of its former self” with the council delivering the minimum it could get away with, for the maximum tax. He said: “Before it was trying to do the opposite, the real answer should be somewhere in the middle.

Among the role’s duties will be working with both public and private sector partners to develop a “healthy, inclusive and engaged community” and to drive new initiatives that support residents as well as commissioning and contract management.

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## Surrey County Council workers to strike?

21 March 2024



Staff at Surrey County Council could walk out after a “record number” of people backed strike action – unless the authority makes a significantly improved pay offer, unions have said.

For the last two years the workers at the council have been offered less than the National Joint Council (NJC) pay award and less than most other neighbouring councils, according to Unison.

Those working in local government and schools have their pay and other conditions are negotiated by the NJC. The Local Democracy Reporting Service understands that those offers were rejected.

Last year, turnout for a full-strike ballot fell 40 votes short of the threshold required for legal industrial action, and the pay settlement imposed without agreement.

This year, a consultative ballot of members, covering core Surrey County Council workers and support staff in Surrey maintained schools, concluded on Friday, March 1, and achieved enough votes with a 53 per cent turnout – with 87 per cent of members rejecting the 4 per cent average pay offer, and 91 per cent of those voting for strike action, record in Surrey.

Union representatives are due to meet next week and have said that unless staff receive a “significantly improved offer” they will “be recommending a vote for a full legal industrial action ballot over the next few weeks”.

Paul Couchman, branch secretary of Surrey Unison, said: “Our members are more frustrated and more angry than they have ever been. Voting over 90 per cent for potential strike action is unprecedented in Surrey. We hope the council will see the strength of feeling of their staff and reconsider their offer.

“If there is no significantly improved offer from the council in the next few days we will have no choice other than to go to a formal ballot for strike action, where we are confident our members will once again respond positively to a call for action.”



It comes as the county council’s new £30 million payroll system was reported to have left staff “wiping tears of frustration and helplessness” over missed payments.

The council brought in a new Enterprise Resource Planning system last June and said it had “experienced some issues relating to payroll” and that it had been working to improve the system but given its complexity, needed an ongoing programme of software upgrades and fixes to address issues that have arisen.

Mr Couchman added: “No doubt the anger and frustration over the payroll issues has added to the general cost of living crisis, making Surrey County Council employees vote in unprecedentedly high numbers for strike action.”

A spokesperson for Surrey said: “We are still in talks with the Trade Unions regarding the 2024/25 pay offer therefore it would be inappropriate to comment while these discussions are still ongoing.”

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## Local Government monopoly board at play?

21 March 2024



Surrey County Council has added another building to its property portfolio after buying the Victoria Gate site from Woking Borough Council in a deal that will net the bankrupt authority more than £30 million.

The county has said it will not disclose how much it paid for the former McLaren site in Victoria Way, Woking, but the Epsom and Ewell Times understands the overall package will bring in about £32,250,000 – although the split between McLaren’s early surrender of the premises and how much the county paid remains unclear.

It comes two months after Surrey County Council said it expected to add a further billion pounds of debt to its books as part of its capital programme, from £1.3 billion to £2.4bn by 2028/29.

Announcing the deal, the Surrey County Council said the purchase “underpins” its commitment to “efficiency, sustainability, and improved services” with the new site serving as its corporate office hub in north-west Surrey.

It now plans to put its old Quadrant Court site in Guildford Road up for sale in an effort to recoup some of its costs.

The deal is being seen as good news for Woking Borough Council as it nets more than £30m from the site, hopes to bring more people into the heart of the town centre, and potentially allow it to sell off its civic centre as it tries to pay back part of its own multibillion pound debt.

The county council expects staff to relocate to its latest acquisition later this year.

Councillor Natalie Bramhall, cabinet member for property, waste and infrastructure said, “This strategic move reaffirms Surrey County Council’s commitment to creating a conducive work environment while aligning with our broader objectives of sustainability and improved service delivery.”

Surrey said the decision is part of its overall vision to “provide services from a contemporary, agile environment that caters to the needs of both residents and employees” and that the Woking town centre location was optimal for both staff and residents due to its excellent access to public transport and car parking facilities.

Surrey County Council moved its headquarters from Kingston to Woodhatch Place in Reigate after acquiring the site for £50m. Other hubs across include Dakota in Brooklands Weybridge, and Fairmount House in Leatherhead.

The Leader of Woking Borough Council, Cllr Ann-Marie Barker, said: “Asset rationalisation is a key part of the Council’s Improvement and Recovery Plan agreed with Government.

“The sale of Victoria Gate delivers best value both in terms of return to the public purse and benefit to the community.”

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## Boats on the canal “your time is up”?

21 March 2024



Basingstoke Canal could stop leisure activities like boat hire and camping because they’re not financially viable.

The 32-mile-long Basingstoke Canal was jointly acquired by Hampshire and **Surrey County Councils** in the 1970s to manage risks, protect the canal, and provide public recreation.

It is a site of Special Scientific Interest (SSSI) and due to its hydrological biodiversity and effective management of its ecosystem, it is home to numerous nationally scarce species of flora and fauna.

The Basingstoke Canal Partnership was established to fund the canal operation following restoration in the late 1980s. The partnership includes a number of

“riparian” partners like district, borough and town councils that contribute financially to the running of the canal.

In 1990, county councils for Hampshire and Surrey, as landowning authorities, created the Basingstoke Canal Authority. Under the arrangement, Hampshire employs the staff, provides IT and finance support to the authority, and Surrey manages the visitor centre at Mytchett.

However, according to the report, the current arrangement is not financially sustainable. In 2023/24, the cost of the canal required a draw of £192,000 on existing reserves to cover a shortfall in income.

The canal is funded by the landowning authorities and the riparian funding partners; however, some have indicated the reduction or withdrawal of their contributions, like Woking and Rushmoor Borough Council, which confirmed it was pulling all funding in 2023/24.

Due to the withdrawal of some funding, the two landowner authorities commissioned an external company to review management and recommend a sustainable operating model.

From the five alternatives, the chosen one indicated that the Basingstoke Canal Authority will continue to deliver statutory requirements and leisure navigation.

However, under this option, the authority will no longer deliver activities such as boat hire, camping, running the visitor centre, and events.

The proposal will be debated at the universal select committee (March 11), and the executive member for countryside and regulatory services, Cllr Russell Oppenheimer, will take a decision later that day.

Natalia Forero

Image credit: Basingstoke Canal Authority

## Mixed reaction to Hunt’s budget in Surrey

21 March 2024



In a significant development outlined in today’s Spring Budget, Surrey MP and Chancellor **Jeremy Hunt** confirmed the **Surrey County Deal** agreement, heralding a new era of devolution for Surrey County Council. This agreement, initially hinted at during last year’s Autumn Statement, has been the focus of collaborative efforts between Surrey County Council officials and the Department of Levelling Up, Housing and Communities.

Outlined within this agreement are several key provisions aimed at empowering local governance within Surrey:

- Devolution of the Adult Education Budget and funding for Free Courses for Jobs.
- Integration of Local Enterprise Partnership functions.
- Transfer of new land assembly and compulsory purchase power to the Council.
- Strategic oversight for the delivery of future rounds of UKSPF.

Furthermore, the agreement signifies an intent for further devolution from central government to Surrey, allowing for the deepening of devolution arrangements over time, subject to Government agreement. Notably, this agreement does not mandate any structural reform of local government or unitarisation, preserving the sovereignty of the 12 Councils, including 11 District and Borough Councils alongside the County Council.

“Local government and our local communities are best placed to deliver what Surrey needs. I’m pleased that the government is recognising that, with hopefully further devolved powers to local government in due course,” said **Tim Oliver**, (Conservative) Leader of Surrey County Council, expressing optimism regarding the devolution deal.

“This is a positive step to enable ambitious plans for Surrey’s residents by devolving control to Local government and our local communities, that are best placed to deliver what Surrey needs. Working with our Partners we can maximise opportunities across a wide spectrum of residents’ priorities,” said Surrey County and Epsom and Ewell Borough Councillor **Bernie Muir** (Conservative – Horton)).

Dr. **Jonathan Carr-West**, Chief Executive of the Local Government Information Unit (LGIU), offered insights into the broader context of today’s Budget announcements. “Our latest research found half of councils believe they could face bankruptcy within the next parliament. Council taxpayers are paying ever higher rates for fewer services...The Chancellor recognised market failures in children’s residential care and SEND support but councils will not feel that this is enough to counteract the cost increases they have faced in those areas,” Dr. Carr-West remarked, urging for a productive debate on potential solutions to the funding crisis.

**Paul Lavercombe**, tax partner at BDO in the South East, provided a business perspective on the Budget, noting the limited measures for businesses but highlighting certain provisions that may benefit taxpayers and stimulate investment, particularly in regional growth businesses. He said ““The Chancellor was under pressure to deliver tax cuts and while this wasn’t forthcoming for businesses with some hoping there would be a reduction to corporation tax signposted, taxpayers will welcome the national insurance cuts announced. Despite being pitched as a Budget for long-term growth, there was very little for business. The only obvious winner being the creative industries.”

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## Woking’s whopping bail out and tax rise

21 March 2024



**Woking Borough Council** has raised its share of tax by 10 per cent. It comes as the bankrupt council was offered an “exceptional” £785 million Government bail out

The major bailout package aims to offset its debt and was signed off last night during a full council meeting. The offer was dependent on the council increasing its share of council tax by 10 per cent and comes on top of the previously agreed £8.4m in spending cuts.

Deputy leader of the council **Will Forster** said the total package of £785m was “the largest ever set of measures required for a council in intervention” He added: “Just let that sink in. Not the largest ever in Surrey, the largest ever in the country, not this year, ever.”

Coupled with the rises announced by **Surrey County Council** and the police, B and D Council Tax homes will now pay £2,371.60 a year, up from £2,248.77. Had councillors failed to agree on the package, the local authority would “grind to a halt and be acting unlawfully” the meeting heard. Staff would go unpaid and services stop.

Leader of the council, Councillor **Ann-Marie Barker**, said a vote against the tax rise was to vote against the government’s offer. She said: “A vote against the tax rise is to turn down the offer. I wanted a better offer but it’s the offer we’ve got.”

The council also announced that there would be £100,000 in hardship money to help ease some of the pain caused by the massive spending cuts, price hikes and tax rises.

Groups such as the bustler transport service, Citizens Advice Woking and the Lightbox have been forced to find new funding if they wish to continue. Some have approached the national lottery.

Woking Council has said the money would be for those most impacted by the added cost or loss of so many services. It includes £25k for a Council Tax hardship fund, £50k for Citizen Advice Woking and £25k for grants that replicate the Government’s Household Support Fund.

Speaking after the meeting, Cllr Barker said: “Despite the council’s complex financial situation, I am pleased that we have overcome this important hurdle and set a robust budget for the forthcoming financial year. I welcome the significant and unprecedented support package offered by Government which gives us flexibility to deal with money that should have been put aside for borrowing and allows us to capitalise our debt over the long-term.

“The conditions set out by Government align with work already being undertaken on asset rationalisation, debt reduction and improved commercial governance as part of our Improvement and recovery plan. I know residents will find any increase in council tax difficult which is why we are putting in place support for those who find it hard to meet the cost of rising bills.

“These critical decisions are ones I did not want to make. However, they are necessary if we are to continue to provide essential services, set a balanced budget in future years and begin to return Woking to long-term financial sustainability. The future remains difficult and challenging. I am determined that Woking will recover to become a better council focused on delivering essential services to local people.”

## Computer lets down County Council workers

21 March 2024



Surrey County Council’s new £30 million payroll system has left staff “wiping tears of frustration and helplessness” over missed payments, it its claimed.

It is claimed that the payroll system is paying employees the wrong wages, with reports that some are missing mortgage and rent payments, almost a year after it was introduced, unions have said. Workers on payroll and experiencing issues include teachers and firefighters.

The council brought in a new Enterprise Resource Planning (ERP) system last June and said it had “experienced some issues relating to payroll”.

The council has said it was working continuously to improve the system but given its complexity, needed an ongoing programme of software upgrades and fixes to address issues that have arisen.

A permanent fix is not expected until early summer, Surrey County Council Trade Unions (SCCTU) has said.

The ERP was introduced last summer after the council was notified its previous payroll system, which was close to 20 years old, would no longer be supported with updates.

According to SCCTU, which is made up of 12 recognised bodies including Unison, NEU and Nasuwt: “All the trade unions in Surrey County Council have been helping distraught staff deal with pay errors month-on-month since June 2023.

“These errors include large overpayments and underpayments, which have had dire reverberations for the staff in question.

“This includes employees being unable to make payments on their mortgage, rent, cars, and utilities.

“For single parents, lower paid staff, and staff who have their wages topped up by Universal Credit, the fallout from these mistakes have had a catastrophic effect on the mental health of staff and their families.”

They said in one extreme case a staff member confessed she and her children had to stay with her mother because they didn’t have money to buy electricity or food.

The council said it does not have figures available for how many have been affected but say that the vast majority of cases have had minimal impact.

To make up the shortfall, the council has been making emergency payments with staff pleading the cases to their line managers, the union said.

Surrey UNISON estimates at least £100,000 has been paid in fees alone for emergency payments.

Overpayments can be equally problematic for low-paid staff who receive in-work benefits as they find themselves with too much money in their accounts and their top ups switched off – only to be out of pocket with the overpayment is clawed back, the unions said.

As such, the unions are now in dispute with the council over its implementation and said they have no confidence in this new payroll system.



A spokesperson for Surrey County Council said: “Following the installation of a new Enterprise Resource Planning (ERP) system last summer, we have experienced some issues relating to payroll.

“We have put in place a number of workarounds and extra resource to try to minimise the impact on staff and schools, and a dedicated technical team is working to resolve underlying issues.

“The recovery plan is making good progress, with the number of errors reducing significantly over time including updating leavers’ processes and the school financial reporting system, and a programme of engagement clinics has also been coordinated to provide individual schools/settings with focused support.

“We are still working through some of the issues and we are grateful to our staff and schools for both their efforts and patience as we continue to do this.

“Some level of disruption was expected throughout such a fundamental transition to a new system, but we are sorry for any inconvenience to employees and schools adversely affected; our primary focus has always been the welfare of our staff as we resolve any errors, and we will continue to work with them throughout this process.”

Image: Mike Lawrence License details

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## Police probe abuse of public funds

21 March 2024



Suspected fraud and alleged breaches of procedure in **Guildford Borough Council's** housing maintenance team have snowballed, culminating in a police investigation.

Last year, the council instigated a staff investigation following what was described as “an issue” within the housing maintenance department of Guildford and Waverley Borough Councils. They share services as part of a cost-cutting drive.

The Local Democracy Reporting Service understood at the time that staff had been suspended, contracts terminated and possible fraud examined. **Surrey Police** previously confirmed it had escalated its fraud investigation to a regional organised crime unit.

This week, the two councils announced they had received a report following a review of its housing maintenance team. It found ‘serious areas of concern’ which they said needed further investigation to determine whether correct governance processes were followed in the letting and management of housing maintenance contracts.

The councils have also announced that two strategic directors, Annie Righton and Ian Doyle, responsible for the relevant service area at the time contracts were let, have both agreed to step back on a temporary basis from their roles “to protect the integrity of the investigation”.

However the councils said they were “unable to provide a copy of the confidential report” as it’s “essential that the integrity of any investigatory process is upheld.”

Leader of Guildford Borough Council, Councillor **Julia McShane** and Cllr **Paul Follows**, leader of Waverley Borough Council issued a joint statement. It read: “Public bodies need to be absolutely resolute in their commitment to openness, transparency and accountability for public money. We are determined to identify exactly what has happened in order to safeguard both councils and continue to deliver on our commitment to best value and service delivery possible for all our residents and businesses.”

The councils joint chief executive, **Pedro Wrobel**, said: “When it comes to public money, nothing is more important than propriety and value. All monies should be used to deliver the best possible services for our residents and businesses. I will be working with officers, councillors, external investigators and auditors to get to the bottom of these issues and account for every penny. I will ensure the organisation has the right systems in place to safeguard the public’s money, and will take robust action where necessary.”

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