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

13 February 2025

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."

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