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Government bailout to ease Woking's debt burden

1 May 2025



Taxpayers will cover the cost of Woking Borough Council's financial folly after the government agreed to "aid the reduction" of the bankrupt authority's multi-billion pound debt.

The bail out will initially cover debt owed by the borough in 2026-27 but could be extended if needed.

The pledge is an attempt to prevent Woking from immediately destroying any new authority it joins as part of the Government's merger plans for Surrey's councils.

Woking Borough Council declared itself effectively bankrupt in 2023 when its regeneration plans collapsed leaving it with debts expected to £2.6billion and annual repayments far outstripping what it brings in every year through council tax.

The problem has since spilled into neighbouring councils after the Government selected Surrey and its 11 boroughs and districts to become a newly devolved and reorganised and merged-mayoral authority.

On April 4, the Ministry of Housing, Communities and Local Government said liabilities should be locally managed by councils.

Since then, the Government has committed to "supporting any new authorities in Surrey with the rationalisation of Woking's assets, whether through the provision of interim financial support" it said this could be involve "further tranches of financial support for any remaining unsupported debt" until "new authorities are financially sustainable".

The council would still be expected to continue cutting costs and finding "best value" for taxpayers by selling off its assets – even after the Surrey was reorganised, according to papers published this week.

Leader of Woking Borough Council, Councillor Ann-Marie Barker, said: "We welcome the government's statement of intent regarding future financial support. It marks an important step towards addressing our debt position as part of wider discussions on the future structure of local government in Surrey.

"Whilst there is much still to be agreed, this announcement provides a degree of certainty as we continue to work closely with government and other Surrey councils to secure a sustainable financial future for Woking and ensure the best possible outcomes for residents.

"We are doing all we can to put our house in order by setting a balanced budget and having a strategic plan to sell assets. We remain committed to delivering our Improvement and Recovery Plan to the ensure that we enter any future arrangements in the strongest position possible."

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