

Guildford Borough Council keeps its lights on

A Surrey council may have “kept the lights on” and balanced the budget this year but trouble could be looming. The pessimistic warning came during the budget meeting as councillors were told they will have to make tough decisions in the future.

Members of Guildford Borough Council signed off a balanced 2025/26 budget this week despite an ‘unkind’ settlement from the government leaving levels of funding largely unchanged from the previous year. Councillors from all parties praised officers and finance bosses for turning Guildford’s accounts around in the last two years. The Surrey borough was nearing bankruptcy in 2023 with the strain from rising historical debts.

But all is not as rosy as it seems. Each year Guildford Borough Council must find £2m worth of savings just to keep afloat and cover borrowing costs for its “ambitious” capital programme. The projected budget gap is expected to grow from 0 in 2025 to potentially £5.9 million in four years (2028/29) with at least an £1.6 million increase every year. Service costs from the council are projected to rise from £16.4 million in 2025/26 to potentially £20.3m in 2028/29.

Over the next five years, Cllr Richard Lucas (Lead for Finance and Property) explained the requirement for Guildford to pay back its escalating debt represents a “major financial challenge”. He said: “Each year we will have to find another £2m worth of savings just to stay still and cover our borrowing costs increasing.”

However, the council’s plan for paying back debts for building projects does not include the Weyside Urban Village scheme. A hugely ambitious undertaking, the Weyside Urban Village project is the council’s regeneration scheme aiming to build 1,500 homes. The borrowing costs, or interest, for the project are due after 2029 and so are not incorporated into the medium term financial plan.

Despite work being underway, the council still has not quite figured out how it’s going to foot the bill. Although it may seem a ‘future problem’, councillors will decide how they are going to finance the project in March.

“If anything is going to put the council back in the financial mire it is that,” said Cllr Patrick Oven. He said although he was very “committed” to the scheme, he “wondered whether we can afford it”.

Cllr Richard Lucas told the council the budget was balanced by “finding some savings within the services, increasing some fees and charges”. The Lead Councillor for Finance and Property added the main source of potential savings going forwards is from opportunities of collaboration with Waverley. The councils had recently claimed £600k has been saved in the local authority partnership between Guildford and Waverley.

National insurance increases took the biggest chunk of the council’s finances, hitting Guildford with around £1,000 per full time employee. Wage rises and inflation is also squeezing the council’s budget, demanding the increase in council tax by the maximum 2.99 per cent. Charges for council services are projected to increase by at least 3.75 per cent.

Non-ringfenced reserves for a rainy day sit at around £17.7m, well above the minimum 5% of general fund expenditure recommended.

Cllr Patrick Oven described the accounts as “an austerity budget”. Expenditure is reduced in 2025/26 but for the next four years spending “effectively falls off a cliff” with money dropping to about a third of the £111k promised this year. “But we can’t spend money we haven’t got,” he added.

Opponents still criticised the Liberal Democrat administration for a “lack of ambition” with the budget as no ‘rabbit out of the hat’ or exciting projects were revealed. Cllr Joss Bigmore said: “It’s really sad that we’re at this stage now where we’re going budget to budget trying to keep the lights on and that leaves so little discretion for any political ambition or choices.”

Guildford council has also agreed to undergo a ‘zero budgeting basis’ by looking at everything it does, covering its statutory duties and long-term priorities. Cllr Lucas said: “It inevitably means we will stop doing some things. There will be pain involved but we have £2m a year, each year, to find extra savings.”

Outside Guildford Borough Council’s HQ, Millmead House. (Credit: Guildford Borough Council)