EPSOM & EWELL TIMES
For the community, by the community. A not-for-profit service
30th April 2026
ISSN 2753-2771

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Up to £1 where sold
ISSN 2753-2771

Waking to Woking's woeful debt

24 March 2023

Epsom and Ewell Times has followed the finances at this sister Surrey borough. We all should perhaps be concerned and learn lessons from a County borough that can get in such a mess. In contrast Epsom and Ewell Borough Council has been balancing its books for years. At the end of the day where will the money come from to save Woking? Local Democracy Reporter Chris Caulfield reports:

The dire financial future of Woking Borough Council was laid bare with senior figures warning of the "significant risk" of it effectively going bankrupt as its cash reserves run dry.

The council's executive committee met on Thursday March 23 to hear an update on its financial strategy. It was told of the budgeted shortfall of £9.5m for the next financial year and the swingeing cuts coming as it moved to provide only the minimum levels of services – those it must provide by law.

Woking Borough Council's financial disaster is the product of years of heavy borrowing to pay for a failing investment portfolio. The previous administration had hoped this would generate income but instead it has saddled the local authority with annual interest repayments of more than £60m a year while only generating £38.5m.

Councillor **Dale Roberts** is now the portfolio holder for finance on the council. He said it had gone to the government seeking to lower the minimum amount it can set aside to repay its loans and has been searching for further "restrictions on expenditure necessary to address the budgeted shortfall of £9.5m for 24/25. He added: "Both of which relate to the ongoing and significant risk of issuing a section 114 notice."

Councils can not go bankrupt. Instead, they enter what is known as being under section 114 notice and means they cannot make new spending commitments.

He also said the council would seek to try to fund "transformational projects" through any capital receipts. Cllr **Ian Johnson** (Lib Dem, Mount Hermon) said: "It shows a stark issue, the deficit next year is £9.5million based on current numbers, and yet our services expenditure is just under £45m. So that's a 20 per cent difference. So we need either cost savings or revenue generation to be able to cover that gap of 20 per cent.Because the £62million interest payments we are making at the minute could well go up given today's interest rate rises.

"Its unaffordable at the present level. We know that DLUHC (the Department for Levelling up, Housing and Communities) have been in the office talking to us for the last couple of months. Until we get their report as well we won't be able to be definitive in where we're progressing with any of the business we've got including talking to the government about our debt levels and how we might be assisted in reducing the interest payments we make."

DLUHC was not expected to return any decision until the start of the new political year in May. Cllr Dale Roberts said: "The enormity of the task ahead of us for next year, the affordability of the borrowing, the degree that we have to find savings are deeply concerning."

Cllr **Stephen Dorsett** (Con. Pyrford) asked about the possibility of future savings if council was already operating at "statutory spend only" – that is for services the council is legally obligated to provide. Cllr Roberts said: "Even costs savings cost".

Leader of the council **Anne Marie Barker** said: "We're having to put controls on day to day spend and just keep a very tight rein on everything. We've got our balanced budget for the year by using reserves but going forward that £9.5m next year, and more than that the following year, we do need to do a fundamental review of what were doing and how were doing it. It's the only way we can make those budgets balance, the reserves aren't going to last forever."

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