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Would you want to live in Woking?

21 February 2023

A Surrey Borough Council steeped in debt: In 2022 the Liberal Democrats seized control of Woking, inheriting a debt mountain after 14 years of Conservative Party control. At the annual budget meeting of the Full Council of Epsom and Ewell Borough Council on 14th February the debts of Croydon Council were cited when Cllr **Jan Mason** (RA Ruxley Ward) asked “Who wants to live in Croydon?” In Croydon in 2022 the Conservatives won the Mayoral election and the Council is now evenly split between Labour and Conservative representation, after years of Labour majority rule when Croydon’s £1.3 billion debt grew. In contrast the Residents Association Epsom and Ewell Borough Council has been consistently “balancing the books”.

The woes of Woking are reported by our BBC LDRS reporter.

Annual servicing of Woking Borough Council’s massive £2billion debt is set to hit an unsustainable £62million a year, according to its own budget forecasts. The figures were published ahead of its full meeting on Thursday, February 24, where members are expected to sign off a council tax increase of 2.99 per cent.

The financial crisis at the local authority is such that the borough’s leader said the council needed government support following years of failed borrowing plans under the previous administration.

According to budget papers the council borrowed about £1.8bn for investment purposes but is only bringing in £38.5m – rising to £43.3m next year, far below the £62m in annual interest payments – leaving the council in a financial black hole and under investigation by the Department for Levelling up Housing and Communities (DLUHC).

DLUHC has confirmed that no immediate decision is pending, while borough leader Councillor Will Forster thinks the government is unlikely to put the council in special measures, given the recent changes both in its senior officers and political make up.

DLUHC’s report into the council’s finances, investments and related governance will be made available on the government’s website. 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. They can also lose control of their day to day running,

That does not mean Cllr Forster thinks the council can get out of its mess without help. He said: “We are still waiting for a report from the government inspection team which we will check for accuracy and information and it’s too early to predict what it will find. However, Woking needs government support, there’s not a problem with decision making and we have full faith in the officers. But the council can’t afford to pay off its debt, not even even service the debt. The papers are quite stark. £60 million a year just to service the debt -repaying the debt is even more. We need help.”

Cllr Forster said the council would be in section 114 by the 2024/25 financial year, “at this point I can not see how it can make a sustainable budget, which is terrifying,” he said.

As a comparison, Surrey County Council’s capital borrowing requirement is about £2.4billion. By 2026/27 Woking Borough Council is expected to reach the same level. The difference is that Surrey has an annual budget of about £2 billion, while Woking Council’s is closer to £55 million.

To put it another way, Woking has the equivalent of a £2m mortgage, on an annual salary of £10,000.

Related report

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