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Eastleigh Council Faces Soaring Debt and Fiscal Scrutiny

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Eastleigh Borough Council is grappling with a mounting debt crisis, with borrowing now standing at £585.3 million and expected to climb to £622.7 million by March 2025. Critics argue that the council’s financial strategy is unsustainable, primarily due to its handling of a long-delayed housing project. Without urgent refinancing, officials warn the authority could face insolvency.

According to recently released draft accounts for the 2024/2025 financial year, Eastleigh Borough Council's total borrowing has ballooned to over half a billion pounds. A substantial portion, approximately £500 million, is tied to the One Horton Heath housing development, which has yet to produce a single home since its inception eight years ago. The project, taken over by the council after private developers pulled out, has become a symbol of poor fiscal judgment and overreach in local government.

The council's net worth has plummeted from £107.5 million to £97.1 million. A "going concern" notice within the report warns that failure to refinance the debt could result in the council becoming illiquid. Despite the alarming figures, the council remains committed to the project, with homes now reportedly under construction.

Paul Holmes, the Conservative Party Member of Parliament for Hamble Valley and former Eastleigh MP, criticised the Liberal Democrat-led council, stating, "I have warned since being elected that Eastleigh Borough Council was being run as a 'casino council.'" Holmes added that borrowing has "spiralled out of control" and confirmed he has written to the Secretary of State urging intervention.

Councillor Steve Broomfield, who represents Fair Oak and Horton Heath, expressed disbelief at the debt levels, saying, "We seem to be throwing money away like a gambler at a roulette wheel." He warned that with potential regional devolution on the horizon, Eastleigh's financial troubles could deter future collaborations with neighbouring authorities.

In response to mounting criticism, a council spokesperson defended the borrowing as necessary, noting that safeguards ensure the council only borrows what it can afford to repay. The spokesperson also highlighted positive external reviews, including those from the Chartered Institute of Public Finance and Accountancy (CIPFA) and a Local Government Association peer review, which assessed Eastleigh's financial practices.

Still, concerns remain that the authority's aggressive investment approach, once praised for innovation, may ultimately burden taxpayers if the council cannot deliver on its housing promises or manage its liabilities responsibly.