



EXTRAORDINARY COUNCIL MEETING

WEDNESDAY 22 JANUARY 2025

SUPPLEMENTARY AGENDA PACK NO. 4
(Agenda Item 11 as a Public Document)

SUPPLEMENTARY AGENDA PACK NO.4 (AGENDA ITEM 11 AS A PUBLIC DOCUMENT) (Pages 1 - 118)

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Guildford Borough Council

Report to: Council

Date: 22 January 2025

Ward(s) affected: All

Report of: Head of Paid Service: Pedro Wrobel

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Report Status: Deemed Open

Report of the Head of Paid Service

1. Issues for decision:

- 1.1 There are two issues I wish to address in this report. The substantive issue is to present to members the final piece of the picture relating to historic failings in the housing landlord service, and more broadly in relation to governance and financial controls at Guildford. These have already been the subject of reviews by SOLACE and the Council's Improvement Plan, which I will refer to below.
- 1.2 This report attaches the independent investigation report received from Heminsley Law (see Appendix 1). It sets out the evidence that has been considered by the independent investigators and conclusions they have reached as to who knew what and when, and what those senior officers did, or should have done at the time.

- 1.3 However, before members receive a detailed introduction and debate the substantive business, the council must decide whether, or not, the item of business should be considered without the press and public present. There are important considerations on both sides of that question, and these have been formulated by the legal services team and subject to detailed advice from Leading Counsel, Nigel Giffin KC. A summary is set out in section 2, below.

2 Whether to exclude the public and press?

- 2.1 Democracy does not really work in a vacuum; it depends on information to inform the debate and permit effective scrutiny of decisions. It is a very important principle that those responsible for providing services, taking important decisions about the level of resources to be allocated, and monitoring the performance of the service, take those decisions in public where possible. This Council has repeatedly stated its intention to be open and transparent.
- 2.2 The law is very clear. The default position for any meeting of a local authority (be it the Council or an Executive meeting), is that the meeting is open to members of the public and press to attend, and to receive the agenda papers, reports and minutes of the meeting in advance or have access to them for 6 years after the meeting.
- 2.3 Members will be used to the standard wording inviting them to consider excluding the public and press on one of the grounds mentioned in the paragraphs of Part 1 of Schedule 12A to the Local Government Act 1972. These provide grounds including issues such as where an individual is named or identifiable from the report, where the financial or commercial interests of a third party are affected, advice that is subject to professional legal privilege, or where revealing the information may hamper an investigation or prosecution of a crime.
- 2.4 Similar issues arise in relation to considerations under data protection, freedom of information, common law claims such as privacy or

defences available under the Defamation Act 2013. All require that the decision taker (you, the members of the Council) have regard to and balance the relevant public interests of disclosure against the private interests of those affected by disclosure and come to a view on where you judge the public interest test to lie.

2.5 On one hand, it is clear from the face of the documents that some information qualifying as 'exempt' information is disclosed in the report. This includes:

- paragraph 1 – information relating to an individual
- paragraph 2 - information which is likely to reveal the identity of an individual
- paragraph 5 - information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
- paragraph 7 - information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

The information disclosed is the name of individuals, not sensitive personal data or private information such as home addresses; what is in the report is a commentary following a fair and thorough investigation on how those officers discharged their duties.

2.6 There appears to be a number of factors the Council should balance, especially in the context of the obvious public interest considerations, which amplify the default provisions of papers and meetings taking place in public. These include:

- The sums of public funds involved are substantial.
- The issues arose over quite a long period of time.

- The seniority of the officers named – no one below Deputy Chief Officer grade; and the closest scrutiny falls on the Chief Executive and members of Corporate Management Board.
- There is evidence of significant non-compliance with established rules and procedures.
- There appears to be significant variation between the job descriptions of the officers and the way in which they perceived their role.
- There appears to be an absence of formal reporting of any issues of concern to relevant members of the council. Investigators conclude that Members of the council were not made aware by way of formal reports presented from officers when that information came to officers' knowledge.
- There has already been considerable interest shown by the public and press, leading to articles published in local print and broadcast media and websites.
- Seeking to exempt papers is likely to lead to the focus being on what was withheld with doubtless baseless accusations and speculation – whereas disclosing the paper proves that the council has confidence in the report and is committed to having, and responding to, an independent investigation.
- Given the review of the evidence and report by a senior barrister specialising in Defamation Law, members can have a high degree of confidence in the quality of the opinions and facts reported.
- There is a duty on a local authority to maintain confidence in the public service. This may include recognising where issues have happened in the past and being open and explicit about the actions being taken to address historic failings.

- What is the likely impact of disclosure on those named or identifiable from the report, with a view taken in the round rather than on a name-by-name basis.
 - In relation to potential prejudice to the criminal investigation, the Monitoring Officer has been in touch with the police investigation team, and they have raised no concerns to the possible publication by the full council.
- 2.7 Members should ensure that they have read both this covering report and the Heminsley Report well before the meeting so that they can hold an informed debate and ensure that they have properly understood its contents.
- 2.8 Once members have resolved this question, the debate will then continue either in private session, or otherwise in public.
- 2.9 Finally, irrespective of the decision on releasing the Investigators' report (the Heminsley Law report) and this covering paper, the background documents are likely to remain exempt and members should note that the Monitoring Officer, being the Proper Officer, will assess any requests as they come forward. This would also apply to members seeking to exercise a 'need to know' in relation to the background papers.

3 Summary of the Heminsley Law report

- 3.1 As members will already be aware, in 2022/23 senior officers became aware of circumstances that suggested there may have been fraud against Guildford Borough Council connected to the housing landlord service and the Council's contractors. Those allegations were reported to Surrey Police and are now the subject of an investigation by the South East Regional Organised Crime Unit (SEROCU). Whether or not criminality is established, and/or prosecuted by the CPS, it has become clear that there were serious deficiencies in the ways in which the housing landlord service was managed, contracts let and managed, works commissioned and budgets spent, and that this led to a

considerable contractual overspend and a risk that Guildford Borough Council failed to discharge its Best Value duty.

- 3.2 In December 2023, Guildford Borough Council commissioned a review, undertaken by the Society of Local Authority Chief Executive's (SOLACE), into Governance matters at Guildford Borough Council, and a separate review specifically into Housing Governance. The outcomes of those reviews have been separately reported to Council and published in the public domain.
- 3.3 There is now in place a comprehensive improvement plan which identifies the learning and sets out a series of steps to improve performance and ensure compliance with the council's 'Best Value' duties. A copy of the improvement plan, and the progress update from officers and the Independent Assurance Panel is attached as Appendix 2 to this report.
- 3.4 The SOLACE reports were focussed on identifying the systemic failures which meant that works were not commissioned properly, spend was not monitored or reported, and circumstances created in which the opportunity for fraud could arise and go undetected.
- 3.5 In February 2024, the Joint Senior Staff Committee (JSSC), commissioned a separate piece of work to consider the actions of senior officers, in order to establish, of senior staff members in post at the relevant times, who knew what, and when, what they did about it and what they should or could have done about it. Heminsley Law were appointed as an independent, specialist firm of lawyers, experienced in such investigations in both the public and private sector.
- 3.6 That investigation has now concluded and the report from Heminsley Law has been presented to the JSSC, as it is that committee, with responsibility for the discipline and performance of the most senior staff in the organisation, which commissioned it. A copy of the Report is attached as Appendix 1. I should emphasise that there are appendices to the Report, which I have not reproduced and indeed for

reasons discussed below, I do not believe that those appendices should be published or debated in public.

- 3.7 The Report identifies that there were points in time when 'red flags' were reported to the Corporate Management Board (CMB), and that the CMB, and its chair, Tom Horwood, as the former joint chief executive, missed key opportunities to ask further questions, establish facts and stop the substantial costs overrunning.
- 3.8 Moreover, the Report has not found evidence to suggest that any formal reports to members were considered or made, despite these being apparently serious matters including the whistle blowing report and recommendations and eventually costs overrun information. Simon Stephen a partner in the firm of Heminsley Law will attend the council meeting on 22 January in order to present his findings and respond to questions from elected members.
- 3.9 Tom Horwood, the former Chief Executive of Guildford and Waverley Borough Councils gave notice and left the Council's employment in February 2024 at the conclusion of a slightly extended notice period. Annie Righton was appointed as the Interim Chief Executive but agreed to step away from her duties once the JSSC identified the need for an external investigation. Similarly, Ian Doyle, as Joint Strategic Director Transformation and Governance had agreed to step away from his duties to protect the integrity of the process.
- 3.10 Both Ms Righton and Mr Doyle subsequently agreed terms with the Council to end their employment. As none of the senior staff who were in place at the relevant times remain employed by the councils, there is no further action for the JSSC to take. However, as the Head of Paid Service, having considered the report and consulted with the Monitoring Officer and the Chief Finance Officer of the Council, I have concluded that it is both appropriate and necessary for me to present this report to both councils. This is to ensure that there is full transparency to the councils of the background, the failures, and most importantly of the steps the Council has taken and will continue to

take to ensure that the Council is able to achieve its Best Value obligations going forwards.

- 3.11 I have already referred to the Improvement Plan which has been approved by the Council. In December 2024, I presented to full council the first 6-month report of progress including a presentation by the chair of the Independent Improvement Panel, who confirmed that the improvement plan remained fit for purpose, that the Council had made good progress against the report, and that – in the judgement of the Panel – we were ahead of where they had expected us to be.
- 3.12 Having now reviewed the findings of the Heminsley Law Investigation, I am satisfied that the steps that have already been identified in the Improvement Plan are sufficient to ensure that the Council's systems and processes are compliant and would not permit such a state of affairs to arise in the future. However, as transparency lies at the heart of accountability, I believe it to be essential for this report to be presented to members.
- 3.13 The report will be referred to the South East Regional Organised Crime Unit so that they remain fully sighted on the investigations we have undertaken from a management perspective, and to the Executive, Corporate Governance and Standards Committee and relevant Overview and Scrutiny Committee of the Council to ensure that it informs their work going forwards. In addition, the external auditor of the councils has been provided with a copy of the investigation report.

4. Recommendation to Council

- 4.1 To determine whether the private interests of exemption outweigh the public interest in publication, and decide whether to move the meeting into private session by excluding the public and press. If members choose to move the exempt session, the reports will stay on pink paper and must not be disclosed. If members conclude to remain in open session, then the debate will continue in public, and the reports will be made public.

- 4.2 To note and comment on the report of the Head of Paid Service and the investigation report by Heminsley Law set out at Appendix 1.
- 4.3 To confirm actions taken by the Council and identified in the Improvement Plan in Appendix 2.
- 4.4 To consider the action that has already been taken and whether any further action would be in the public interest.

5. Consultations

- 5.1 In preparing this report I have formally consulted the Chief Finance Officer, Richard Bates, and the Monitoring Officer, Susan Sale. Their comments are set out below. The Council has also taken specialist legal advice from Greenburgh & Co, a firm of solicitors focussed on employment, equalities, and ethical governance law, and from Kings Counsel. The advice is subject to professional legal privilege and is not therefore appended to this report. However, Mark Greenburgh will be available to respond to any questions from members raised at the meetings of the Council which consider this report.

6. Financial Implications

- 6.1 The costs of the investigation are £109,000, to be shared equally between Guildford and Waverley Borough Councils and this is financed through use of reserves.
- 6.2 The Head of Paid Service has already referred to coterminous reporting obligations that fall upon the Chief Finance Officer and Monitoring Officer of the Council. I am the officer designated as the Chief Finance Officer under S.151 of the Local Government Act 1972. S.114 of the Local Government Finance Act 1988 requires a Chief Finance Officer of a local authority to make a report to the Council where it appears to him that the authority:
 - (a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,
 - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or

(c) is about to enter an item of account the entry of which is unlawful.

- 6.3 I have considered whether my statutory reporting duty is engaged in relation to the findings made in the Heminsley Law Report. The events identified in the Heminsley Law Report are all historic. I am satisfied that the systems, processes and approvals now in place by the councils are far more robust and that any overspends of the nature experienced historically would now be flagged, reported and controlled effectively.
- 6.4 Whilst it is clear that the Council did not follow its standing orders as to contracts, procurement or financial regulations adequately, and that there was a substantial overspend, which could give rise to a formal report, having been consulted by the Head of Paid Service and the Monitoring Officer, and on balance, I am satisfied that the matter has been adequately reported to the Council and in public, and that effective steps have been taken to prevent any recurrence of this state of affairs. I am therefore content to support this report, and the actions recommended.

7. Legal Implications

- 7.1 The Council is under a legal obligation to secure best value and continuous improvement. The Heminsley Law Report, alongside the Solace reports referred to reveals a serious risk of failure by the Council in achieving this objective. The detail of the reports contains further individual errors and failings by the authority in relation to a number of legal obligations. Section 5 of the Local Government and Housing Act 1989 places the Monitoring Officer of the Council under legal duty to make a report to the council in circumstances where it appears that the authority “has given rise to or is likely to or would give rise to, a contravention by the authority, of any enactment or rule of law or of any code of practice or any maladministration or failure as is mentioned in Part 3 of the Local Government Act 1974 to prepare a report to the authority with respect to that proposal, decision or omission”.

- 7.2 I have considered whether my statutory reporting duty is engaged in relation to this matter and have concluded on the balance that the steps taken by the Head of Paid Service to bring this matter to the attention of the council, and the steps already taken and approved by the full council in preparing and approving and Improvement Plan, are sufficient and that my statutory reporting duty is therefore not engaged. I support the making of this report and the proposed actions identified. I further confirm that I agree with the council having the option to 'declassify' the Heminsley Law Report and to debate this matter in public session if it is satisfied that the public interest in publication outweighs the private interests of those identified or named in the report. I confirm that the Police have been made aware of the Heminsley Law Report and have not objected to publication in relation to their on-going investigation.
- 7.3 I have given consideration to various legal risks arising from this report including public information law and defamation. I have taken extensive advice and am comfortable with the content and proposals within this report.

8 Human Resource Implications

- 8.1 None identified as none of the individuals continue to have an employment relationship with either Councils. There is a potential impact on morale, as the report identifies a number of failings by senior officers and a culture of non-compliance. Morale may also be adversely affected by the naming of individual officers and members will want to take account of this in deciding the 'public interest test' referred to above.

9 Equality and Diversity Implications

- 9.1 No equality and diversity implications identified, but the impact on individuals as opposed to the public interest in disclosing information from the investigators in respect of those individuals, has been carefully considered.

10 Climate Change/Sustainability Implications

10.1 There are no direct climate change or sustainability implications arising from this report.

11 Summary of Options

11.1 The Council could legitimately decide to maintain the exemption from publication and to conduct its meetings in private with the press and public excluded.

11.2 The Council could take no action to note or approve the report of the Head of Paid Service.

11.3 The Council could seek to take further actions in response to the report and its findings.

12. Background Papers

- Solace Report on Governance Review at Guildford Borough Council 2024
- Solace Report on Housing Governance Review at Guildford Borough Council 2024

Exempt Background Papers:

Written advice of Lorna Skinner KC and Nigel Giffin KC (exempt under Sch 12A para 5 Local Government Act 1972 as being subject to professional legal privilege.

13 Appendices

Appendix 1: Report of Heminsley Law dated 20 January 2025

Appendix 2: GBC Improvement Plan 2024 and progress report December 2024



HEMINSLEY

INVESTIGATION REPORT FOR WAVERLEY BOROUGH AND GUILDFORD BOROUGH COUNCILS

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PART 1: BACKGROUND AND FINDINGS

1. Background

- 1.1. Heminsley is a law firm that specialises in carrying out investigations for private and public sector organisations.
- 1.2. In February 2024 we were asked, on behalf of both Waverley Borough and Guildford Borough Councils (the “Councils”), to carry out an investigation into specific questions following concerns arising out Guildford Borough Council’s (“Guildford”) spend with a housing maintenance contractor (the “Contractor”) being materially in excess of contractual values. These concerns are now being investigated by the police for potential criminal activity (the “Police Investigation”). We would also like to make clear that we are not aware that the individuals named in this report are being investigated by the police.
- 1.3. These concerns led to a governance review by Solace that provided information regarding systems and procedures that could have enabled the matters leading to the Police Investigation to take place. The Solace Governance Report of March 2024 concluded that there were some long term pre-existing material and serious concerns with both the organisation’s financial and governance systems (which are outside the scope of this investigation). These reports are at Appendix 1.
- 1.4. The overarching purpose of our investigation was stated to be to establish, on the balance of probabilities, who knew what, when and what actions were taken to secure compliance and best value in relation to the Housing maintenance and repair function, in the context of the issues with the Contractor.
- 1.5. Heminsley is, and remains, independent and impartial and this report is the work of Heminsley and Heminsley alone. Trevor Gibson, the senior partner of Heminsley, conducted the initial investigation until July 2024 when, due to a pre-booked sabbatical, it was handed over to Simon Stephen to run on a day-to-day basis. Trevor has continued to provide strategic input on an ‘as required’ basis.
- 1.6. This report seeks to provide a balanced summary of all the evidence received and considered. A chronology of events is at Annex 1. The methodology we followed is set out in Part 2 below. We carried out a number of interviews with witnesses as presented in Annex 2. We also reviewed a number of documents provided by Guildford and witnesses including procedure rules, emails, reports, and minutes. A summary of the evidence is at Annex 4.
- 1.7. This report refers to key individuals by job title and name. We have used the last held job title for ease but please note that some individuals held prior roles and/or the given title may not be relevant to earlier dates. For example, we have used the title of Joint Chief Executive Officer, which was a role appointed in 2021, and we have used the titles of Joint Strategic Directors and Joint Executive Heads of Service (which were appointed in August and October 2022). In order to protect their privacy rights, individuals below Joint Executive Heads (or deemed the equivalent of) have been anonymised and referred to simply by a letter (such as Officer X). Named individuals were provided with a draft copy (or relevant extracts of the draft) of this report and given the opportunity to comment. This report takes into account the comments received and seeks to present their submissions in a balanced way alongside the other evidence gathered. We thank those individuals for their input.
- 1.8. For the purposes of our investigation and report the following are considered key events:
 - 1.8.1. The procurement process relating to the decision to award, and the award of, a EICR contract with the Contractor in August/October 2021 (“EICR Contract”).

- 1.8.2. A £24.5 million investment in Housing maintenance in February 2022 (“2022 Investment”).
- 1.8.3. A September 2022 whistleblowing issue relating to the Contractor and Officer B (“2022 Whistleblow”) (the report was reviewed by the Council’s Corporate Management Board on 21 February 2023).
- 1.8.4. The identification, by procurement, of an overspend on the EICR contract in December 2022 (the “Overspend Email”).
- 1.8.5. The KPMG draft audit statement provided to CMB on 10 January 2023 noted that contracts were being overspent and there was a need for *“more stringent tracking and monitoring of [...] procurement activity to ensure that the actual spend is in line with the contracts”*.
- 1.8.6. The procurement process relating to the decision to award, and the award of, the Whole House contract with the Contractor in February-June 2023 (“Whole House Contract”).
- 1.8.7. Concerns raised in June 2023 relating to the Contractor (“2023 Concerns”).

2. Scope

- 2.1. Our terms of reference were agreed by the Councils’ Joint Senior Staff Committee on 29 February 2024. They contained a lengthy list of specific questions, including specific questions relating to governance processes in relation to the EICR Contract, the 2022 Investment, the 2022 Whistleblow, the Whole House Contract and the 2023 Concerns, together with specific questions relating to particular individuals. The overarching theme was to establish whether correct processes were followed and who knew what, and when, in relation to the issues that led to the Police Investigation.
- 2.2. In order to avoid the investigation becoming disproportionately lengthy and expensive, and therefore not in the Councils’ interests or representing best value, it was subsequently agreed with the Strategic Director, Legal & Democratic Services (Susan Sale), and the Joint Chief Executive (Pedro Wrobel) that the focus of the investigation and report should be on the following core issues.
 - 2.2.1. Who knew (or should have known) of the issues that led to the Police Investigation?
 - 2.2.2. When did they know (or when should they have known) of those issues?
 - 2.2.3. What actions were taken, or should have been taken, to secure compliance and deliver best value?

3. Summary Findings

We find, on the balance of probabilities and on the evidence before us, that:

- 3.1. Guildford’s senior management and those responsible for Housing at the relevant times were unaware that there was a material contractual overspend with the Contractor until the 2023 Concerns were investigated.
- 3.2. There were, however, key red flags (“Red Flags”) as to potential risk with the engagement of the Contractor, that should have been visible to senior management and Guildford’s Corporate Management Board (“CMB”) (as a collective and being those in post at the relevant time). These Red Flags included (acknowledging that these also covered a period of time before the collaboration, the appointment of the Joint Chief Executive, and the creation of the Joint Management Team):

- 3.2.1. Concerns in respect of members of the Technical Services team's behaviours and capabilities;
- 3.2.2. Concerns in respect of certain members of the Technical Services team's approach to procurement;
- 3.2.3. Concerns around conflicts of interests and secondary roles held by certain contractors in the Technical Services team who were involved in the procurement and management of relevant contractors;
- 3.2.4. The apparent urgent need for the procurement of the EICR Contract in 2021 (and the people involved);
- 3.2.5. The 2022 Investment increasing the housing maintenance budget with an increase of housing revenue account investment (and therefore available money to spend) from around £5million to £24.5 million in February 2022;
- 3.2.6. The contents of the 2022 Whistleblow allegation, submitted in September 2022 and investigation reports which included;
 - 3.2.6.1. Allegations of fraud;
 - 3.2.6.2. Concerns re the amount of spend on the Contractor;
 - 3.2.6.3. Concerns re the procurement process followed in relation to the Contractor's sub-contractors;
 - 3.2.6.4. Concerns re the average cost of voids for Guildford versus Waverley; and
 - 3.2.6.5. Concerns re the behaviour of certain members of the Technical Services team.
- 3.2.7. Evidence to show that the Contractor was carrying out work on matters outside of the ERIC contract scope and prior to the Whole House Contract award (including the 2022 Whistleblow referring to work being carried out on bathrooms and kitchens);
- 3.2.8. Concerns raised by KPMG in a draft audit report dated 10 January 2023 which identified that a number of contracts showed spend of 150% of the original contract value and identified a "need for more stringent tracking and monitoring" of procurement activity (while this particularly related to the Weyside Urban Village ("WUV") project the Councils should consider whether this should have raised concerns with CMB that other significant contracts were at risk);
- 3.2.9. Guildford's internal audit plan and charter on 21 February 2023 which identified, inter alia, risks relating to the management and governance of programmes and budgets; a risk that Guildford does not achieve efficiency of key IT systems; and presented a risk of financial fraud committed by a contractor;
- 3.2.10. The contents of the report into the 2022 Whistleblow allegation reviewed by the CMB in February 2023 which recommended monitoring the Contractor's contract spend, identified concerns around procurement, and raised concerns as to Officer B's behaviour;
- 3.2.11. Concerns raised by procurement and finance to the Joint Strategic Director of Community and Wellbeing (Annie Righton) around the procurement of the Whole House Contract in March 2023; and
- 3.2.12. The 2023 Concerns from finance raised to the Joint Strategic Director Transformation & Governance (Ian Doyle) and others in June 2023 which led to the matters under the Police Investigation being identified.
- 3.2.13. The material overspend of around £6.6million on the EICR contract identified by procurement, in the Overspend email, in December 2022 prior to the let of the Whole House contract to the same contractor in June 2023. This was not, however,

flagged outside of procurement at the time, or during the 2022 Whistleblow investigation.

- 3.3. By February 2023 at the latest, when they had sight of the report into the 2022 Whistleblow, the individuals comprising the CMB collectively, had (or should have had) sight of such evidential threads and Red Flags that they could (or should) have concluded that there were significant risks related to the Contractor. In making this finding we understand that governance issues, and the collaboration, led to a complex and changing environment. There may well have also been a number of failings by responsible subordinates further down the management chain.
- 3.4. By February 2023 the CMB, and particularly: (i) Tom Horwood as the Joint Chief Executive and Chair of CMB; (ii) Annie Righton as the Joint Strategic Director responsible for Housing; and (iii) Ian Doyle as the Joint Strategic Director responsible for governance and finance, could (or should) have – by the time the Whole House Contract was let in June 2023 - identified, and taken action to resolve, issues in relation to the engagement of, and spend with, the Contractor as a result of the cumulative impact of those Red Flags.
- 3.5. By the time the Whole House Contract was let in June 2023, there were sufficient Red Flags in existence which could (or should), have been - collectively - identified and linked together by senior management to allow further detailed scrutiny by the members of CMB and/or the Joint Strategic Director responsible for Housing before that contract was allowed to have been let.
- 3.6. Relevant directors responsible for Guildford's Housing in post at the time did not take sufficient effective or material steps to ensure that full and proper controls were in place: either to ensure that the spend on the Contractor was monitored, or to monitor their service's compliance with financial and procurement obligations in relation to the Contractor. Despite a significant review of the available evidence, we have not seen evidence that they did.
- 3.7. Material failings in relation to the Contractor were not reported to Guildford's members prior to the investigations that commenced following the 2023 Concerns. It should be noted that our investigation did not have direct access to the Joint Chief Executive (Tom Horwood)' Waverley email inbox, but that we did specifically request that a search for such emails was undertaken. We were advised that no relevant emails were found.
- 3.8. In relation to key governance steps and senior management awareness:
 - 3.8.1. **EICR and Whole House Contract Procurement processes**
 - 3.8.1.1. The EICR Contract procurement process followed Guildford's special urgency powers. The Whole House Contract was awarded following a mini-tender exercise.
 - 3.8.1.2. Whilst we do not refer to legally privileged documents, on the evidence provided by witnesses, and which appears to be confirmed by open documents, is that legal advice was sought on both the EICR and the Whole House Contracts and the processes. the Joint Strategic Director for Transformation & Governance (Ian Doyle) signed off the EICR process and the Joint Strategic Director of Community and Wellbeing (Annie Righton) signed off the Whole House Contract process.
 - 3.8.1.3. The contracts were, on the face of it, signed off by the legal team with support from the procurement, finance teams and democratic service teams. The Corporate Procurement Board ("CPB") also signed off on both.
 - 3.8.2. **EICR Contract Monitoring and Scope Extension**

- 3.8.2.1. There was no effective monitoring of the Contractor's EICR Contract spend carried out by responsible officers.
- 3.8.2.2. Work was then carried out, by the Contractor, outside of the contractual scope, and prior to the Whole House Contract being let, without any amendment or virement.
- 3.8.3. 2022 Investment**
- 3.8.3.1. Despite a significant review of the available evidence we have not seen evidence that relevant directors responsible for Housing, in post at the time, took sufficient effective or material steps to ensure that full and proper controls were in place in relation to the basis for, amount of, and spend of, the 2022 Investment. In particular, the evidence suggests that there was a potential material governance failure in approving it (as a Capital Expenditure) in full rather than as provisional.
- 3.8.4. 2022 Whistleblowing**
- 3.8.4.1. The 2022 Whistleblow investigation was managed by the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) with the Joint Strategic Director of Community and Wellbeing (Annie Righton)'s involvement. The report was taken to the CMB in February 2023 and the Joint Chief Executive (Tom Horwood) delegated specific action points.
- 3.8.4.2. This report followed the report to the CMB from KPMG noting significant overspend on WUV contracts and a need to ensure proper scrutiny and monitoring of procured contracts, together with emails in October/November 2022 about pressing governance issues and the contents of Guildford's audit plan and charter.
- 3.8.4.3. There is no evidence before us of material and/or effective follow ups to the concerns raised in the 2022 Whistleblow reports as to the Contractor's spend.
- 3.8.4.4. Even if such a piece of work was done, we have not seen evidence that linked concerns were raised in relation to the Whole House Contract process, or the Contractor being awarded the contract, shortly afterwards or that effective steps had been taken by the time of the 2023 Concerns.
- 3.8.4.5. In particular, shortly after receiving this report at the CMB, the Joint Strategic Director of Community and Wellbeing (Annie Righton) was herself made aware of concerns from finance and procurement officers in relation to the Whole House Procurement process and was also aware of potential Contractor spend outside of the contract. She was also aware of the full context of the 2022 Whistleblowing report and of the Contractor doing further work. The Whole House Contract was nevertheless signed off and approved.
- 3.8.5. 2023 Concerns**
- 3.8.5.1. The steps taken following the 2023 Concerns email were the first time that there was a material consideration of the spend with the Contractor with a joined up approach to analysing the underlying issue.
- 3.9. The assertion that, whilst one could piece together how the issues leading to the Police Investigation came about with hindsight, it was at the time it very difficult to do as the CMB did not have all the pieces before them at the time is we, consider, incorrect for the reasons summarised above. The then Joint Strategic Director of Community and Wellbeing (Annie Righton), strongly disagrees with this assessment, citing the lack of

budget reporting and a contracts register as 'critical' to this. We accept that inherited governance issues, workloads and responsibilities of heads of services and finance personnel need to be taken into account. However, in circumstances where there was known, poor governance, high workloads and concern regarding the capability of certain individuals, it could be said that there was an even greater need for scrutiny by those in a strategic role, such as the Joint Strategic Directors, of issues and decisions being taken in their areas of responsibility.

- 3.10. There remains a question as to whether, if further, and appropriate, scrutiny, monitoring and reporting measures had been in place, together with a culture where issues could and/or would be raised to senior management, more 'pieces' would have been discovered.
- 3.11. The identified governance issues, and failure to take material action in relation to the Red Flags, may therefore have given Guildford's officers the opportunity to spend significant amounts of money with contractors, ostensibly to fix the Housing compliance issues, but without having material governance and oversight over controls to ensure good value, or even to confirm what that money and budget was actually being spent on.

4. **Mitigation**

The findings made in this report should be read with an understanding of the wider context of cultural and governance issues raised by witnesses in evidence and as flagged in this report and considered by Solace in their reports of March 2024.

4.1. Witnesses variously asserted the following as mitigation to be taken into account:

- 4.1.1. That their roles were strategic and too large and complicated which meant they justifiably relied on the Executive Heads of Service (or equivalent at the time) and their teams to undertake the work, with the support of finance, who were operationally responsible for failings. That said, we find, on the balance of probabilities on the evidence we have seen, (notably from the Financial Procedure rules and job descriptions), that relevant Joint Strategic Directors were responsible for managing their direct reports, resource and related risk, and ultimate responsibility for their own management rests with their line manager: from August 2022 this was the Joint Chief Executive.
- 4.1.2. They were materially hampered by historic and ongoing wider governance issues (including financial governance, monitoring, and reporting issues) at Guildford, and the capability and quality of support from finance. An assessment of the impact of such issues is outside of our scope and accordingly we do not make any finding on it. We do, however, acknowledge as a matter of logic and common sense that such issues would have impacted upon their abilities to carry out their roles. The Joint Chief Executive at the time (Tom Horwood) told us that Guildford's poor approach to process and control, culture and the impact of the Council's collaboration were vital themes that needed to be taken into account in understanding the matters under review.
- 4.1.3. The Joint Chief Executive (Tom Horwood) asserted that the impact of the collaboration between the Councils should also be taken into account. He told us that this was a '*fundamental strain on senior managers being able to access information and creating a healthy and functioning governance environment*'.
- 4.1.4. That the Future Guildford programme had, in effect, created more issues than it solved. For example, the Joint Chief Executive (Tom Horwood) told us that Future

Guildford had '*aggravated*' what he called '*the financial and governance malaise*' as it had moved Guildford to operate on a basis of manager self-service and thereby, he felt, removed some of the effective governance framework. Again, we make no finding on this as wider governance issues are outside of our scope. We do note that this would not mean that senior management are absolved from the responsibilities of their roles.

- 4.1.5. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris)'s response to a draft of this report, asserted that that there was an issue with a culture of people seeking to circumvent rules, or blaming control functions such as procurement, legal or finance for 'blocking or delaying' service delivery. Again, we do not make a finding on this as wider culture issues not relating to the Contractor are outside of our scope.
- 4.1.6. The Joint Strategic Director for Transformation & Governance (Ian Doyle) asserted that from August 2022 his focus increasingly centred on Guildford's financial crisis at the time and submitted that, whilst he acknowledged there were '*learnings and failings*' in Housing with '*areas and controls*' that were lacking, focussing on the specific issue of the matters leading to the Police Investigation is misleading and '*creates a false impression of what life was like leading the combined authority*'. We acknowledge that there were material financial concerns being looked at during the end of 2022 and 2023 which, no doubt, took up significant working time. Again, these are outside of our scope, and we do not make any findings.
- 4.1.7. Witnesses asserted that financial IT system and process issues (in particular integration of systems as identified by Solace) were also a key contributing factor. We do not make any findings in relation to the specific IT system issues as this is also out of our scope. What we do consider though is that the evidence we have seen would tend to show that financial and housing IT system and process issues were known about and discussed at senior level. That said, we have not seen any material evidence that the specific concerns relating to Housing IT systems and processes – and Orchard in particular - were identified by Housing senior management as a potential and specific operational fraud risk and escalated accordingly during the relevant period.
- 4.2. The Joint Chief Executive (Tom Horwood) asserted that he should not be held responsible for the failings of others by virtue of his position alone. It should be noted alongside such a submission that the Joint Strategic Directors report to the Joint Chief Executive and the Joint Chief Executive has overall responsibility for the management of the CMB and ensuring the Joint Strategic Directors perform their duties.
 - 4.2.1. The 'Strategic' Accountabilities in the Joint Chief Executive's job description makes it clear he should "*Embrace collective accountability across the Councils to secure high-quality outcomes*" while the 'Operational' Accountabilities section of his job description states he must "*Determine most cost-effective use and deployment of resources to achieve corporate and functional objectives, ensuring compliance with statutory and financial obligations, ensuring risks are effectively managed and mitigated.*"
 - 4.2.2. The Constitution of Guildford further makes it clear that the Joint Chief Executive is "*accountable for ensuring that the Council's services are provided and monitored in a cost-effective manner, achieving best value for expenditure*" and for exercising Guildford's responsibilities to "*maintain an adequate and effective system of internal audit of the accounting records and control systems*". The Joint Strategic

Directors' Job descriptions (and the Financial Procedure Rules) make it clear they must "*act decisively to ensure risks associated with [their] services are effectively managed and mitigated effectively, including ... the risk of fraud and corruption.*"

- 4.3. We consider that, notwithstanding the operational obligations of subordinates such as the heads of service/Joint Executive Heads, finance, and their teams, on the balance of probabilities, overall responsibility for the management of Guildford, and its services, can therefore be considered to rest with the Joint Strategic Directors and the Joint Chief Executive.
- 4.4. Witnesses, (including the Joint Chief Executive (Tom Horwood)), also asserted that materially beneficial steps were taken to improve the governance at Guildford and that they did take governance matters to relevant members. Tom Horwood also told us that he did not think that work would have been done to improve Guildford's governance failings were it not for him.
- 4.5. We should also note (and have been specifically requested to do so by witnesses including the Joint Chief Executive (Tom Horwood), the Joint Strategic Director Transformation & Governance (Ian Doyle), and the Joint Strategic Director of Community and Wellbeing (Annie Righton), that this report does not detail the context of what they say were their wider achievements and hard work at Guildford, Waverley and/or the Councils (and indeed it would be outside the scope of our instructions for the report to do so).

5. Police Investigation

- 5.1. We are not asked to, and make no finding, on whether or not criminal activities have taken place and, if so, who is responsible. We understand that this is under investigation by the police and that the investigation is ongoing. Further details of the Police Investigation are contained in the Solace Review into Housing Governance.

6. Events Subsequent to 2023 Concerns

- 6.1. We understand that 5 contractors had their contracts terminated by Guildford on 12 September 2023.
- 6.2. We understand that 2 members of the Technical Services team were suspended in September 2023 and left Guildford in 2024.
- 6.3. A number of different reviews (the "Wider Reviews") were undertaken. The Wider Reviews include: (a) two reports by Solace; (b) a fact finding report by Jeanette McGarry (of Solace) into potential issues relating to the Joint Strategic Director for Transformation and Governance (Ian Doyle) (previously Director of Service Delivery for Guildford) (the "Solace Reviews"); (c) investigations into allegations relating to officers in the Technical Services team and which led to them being suspended and leaving Guildford; and (d) an investigation by Reigate and Banstead. The Joint Chief Executive (Tom Horwood) has asked us to note his view that he proposed the Solace Reviews in September 2023 and they were then instigated by the statutory officers.
- 6.4. This report does not seek to re-investigate the Wider Reviews and has focussed on the scope as set out above. We do appreciate that there may be overlaps and where we have seen relevant evidence from those Wider Reviews it has however been considered. We are also aware that the contents of this report may also be used as part of any ongoing work including potential police involvement.

7. Context - Housing Compliance Issues

- 7.1. We understand that Guildford had historically underinvested in its Housing stock and that this had led to a number of serious compliance issues. As a consequence, we are told that Guildford had concluded that it would need to spend a material amount of money to invest in the Housing stock. This is relevant background and context to the situation that arose but it is out of scope of our review and covered by the Solace Reviews.
- 7.2. This led, in February 2022, to Guildford being asked to approve a material increase in the money available for housing maintenance. An investment of £24.5million was then approved on 9 February 2022.
- 7.3. Much of this work – including recruitment of contractors - appears to have been labelled as urgent and critical by the members of Technical Services team. The reason given by witnesses in interview and written responses, was that the work was required primarily to mitigate legal and regulatory censure. The Joint Strategic Director Transformation & Governance (Ian Doyle) told us our report should not ‘gloss over’ Guildford’s apparent breaches of legal obligations at the time.
- 7.4. The evidence we have seen would suggest that this urgency sat alongside a potentially known wider culture of non-compliance with (and/or a lack of understanding of), procurement requirements by that team.
- 7.5. It also, we are told, sits alongside a reputation that certain staff members and contractors (Officer B in particular, and for clarity, no named individuals) had regards their behaviour which including threatening language. We were told, and accept on the balance of probabilities, that there were informal complaints about behaviours and the manner in which individuals would approach matters. We have not seen evidence that the relevant staff members faced capability or disciplinary processes as a result of any such breaches.
- 7.6. We also note that the EICR Contract was in place before the Council’s collaboration and the appointment of the Joint Chief Executive (Tom Horwood) in December 2021, and the appointment of the Joint Strategic Directors in August 2022.

8. Director Roles and Responsibilities

- 8.1. Ultimately, the Joint Strategic Director of Community and Wellbeing (Annie Righton) and the Joint Strategic Director for Transformation & Governance (Ian Doyle) were the Directors with responsibility for Housing during the relevant period. By August 2022 they reported to the Joint Chief Executive.
- 8.2. The Joint Chief Executive was Tom Horwood from December 2021 and he chaired Guildford’s CMB. The Joint Strategic Director for Transformation & Governance (Ian Doyle) was part of Guildford’s Corporate Management Team. The Joint Strategic Director of Community and Wellbeing (Annie Righton) and the Joint Strategic Director for Transformation & Governance (Ian Doyle) were both part of the CMB, which met weekly.
- 8.3. We set out below our findings (made on the balance of probabilities) in relation to their roles and responsibilities:
 - 8.3.1. Ian Doyle had specific responsibility for Housing from June 2020 until August 2022 and at the time of the EICR Contract procurement (in the summer of 2021) and the 2022 Investment. He was aware of both matters and signed off on the EICR Contract procurement and the use of the special urgency powers.
 - 8.3.2. Annie Righton had specific responsibility for Housing from August 2022 and was in post at the time of the 2022 Whistleblow, the Whole House Procurement and the

2023 Concerns. She was aware of all three matters, supported the 2022 Whistleblow Investigation, and signed off on the Whole House Contract procurement.

- 8.3.3. From August 2022 Ian Doyle was also Joint Strategic Director for Transformation & Governance. The Councils' s151 Officer (and Chief Finance Officer) reported to him. Ian Doyle was aware of the 2022 Whistleblow from his role on the CMB.
- 8.3.4. Tom Horwood chaired the CMB and was aware of the 2022 Whistleblow. He delegated action points following the report in February 2023.
- 8.4. Whilst their roles are strategic, Joint Strategic Directors had accountability for their service. For example, the job description provides that the role includes managing the heads of service and acting '*decisively to ensure risks associated with your services are effectively managed and mitigated effectively, including....the risk of fraud and corruption*'.
- 8.5. The job descriptions also set out Leadership competencies which include, under Governance, '*Takes accountability and ownership of issues*'.
- 8.6. We note from Ian Doyle's Job Description as the Director of Service Delivery that this role had '*overall corporate management and leadership*' and to '*ensure effective case management systems*'. There is also a stated Key Objective for '*Making effective strategic governance arrangements*'.
- 8.7. As further evidence of the scope of senior management's role we also note that the CMB reviewed Guildford's internal audit plan and charter on 21 February 2023 which set out specific Director responsibilities in the context of audit sponsors. In particular that:
 - 8.7.1. procurement, the fraud framework, and internal governance is the responsibility (audit sponsor) of Transformation and Governance (Ian Doyle was the Joint Strategic Director). This is further stated to include:
 - 8.7.1.1. assurance over the governance arrangements relating to fraud;
 - 8.7.1.2. assurance over the risk management framework;
 - 8.7.1.3. robustness of procurement decisions;
 - 8.7.1.4. compliance with contract standing orders; and
 - 8.7.1.5. due diligence of new suppliers.
 - 8.7.2. Core Finance is the responsibility of Transformation and Governance.
 - 8.7.3. Voids and repairs were the responsibility of Community and Wellbeing (Annie Righton was the Joint Strategic Director).
 - 8.7.4. Management of fraud is the responsibility of line management with the s151 Officer having strategic responsibility.
- 8.8. Guildford's Financial Procedure Rules are clear that overall responsibility for financial controls and monitoring sits with the Chief Financial Officer. As of August 2022 the Joint Strategic Director, Transformation & Governance (Ian Doyle) had overall responsibility for finance as part of his role as a Joint Strategic Director, and the Chief Financial Officer reported to and was managed by him.
- 8.9. Directors then have responsibility for ensuring that financial governance is in place to ensure appropriate use of Guildford's resources. Individual officers are then responsible for their own contracts and budgets.
- 8.10. The Joint Strategic Director of Community and Wellbeing (Annie Righton) told us she could not be operationally responsible for all detailed reports (she cited 40) and that she did not have sight of detailed budgets and had oversight of the strategic position. She said that the day-to-day position sat with heads of service and their direct reports.

8.11. As accepted by the Joint Strategic Director of Community and Wellbeing (Annie Righton), the Joint Strategic Director for Transformation & Governance (Ian Doyle) and the Director of Resources and Chief Finance Officer (Claire Morris) during interview, however, corporate responsibility sits with Directors.

8.12. The Joint Strategic Director for Transformation & Governance (Ian Doyle) and the Joint Strategic Director of Community and Wellbeing (Annie Righton) told us that, whilst as Directors of the relevant service they had responsibility, it was more a collective failure across senior management that had roots in the Future Guildford restructuring and with particular focus on the decisions taken in relation to legacy finance IT systems and processes. They also said that the officers with direct responsibility for Housing matters bore material responsibility. In further support of this, another witness told us that they were not surprised that something like the issues leading to the Police Investigation had taken place in light of Guildford's governance issues and '*historic woes*'.

9. Subordinate Housing Officers

9.1. From October 2022 there was a Joint Executive Head of Housing (Andrew Smith) responsible for both Councils. During the relevant period prior to October 2022 the Joint Executive Head of Environment (Chris Wheeler) was responsible for Operational and Technical Services at Guildford (which included maintenance and repairs). Guildford's Financial Procedure Rules (at the time) place much responsibility on heads of services.

9.2. The evidence we have seen, however, suggests that the Housing Special Projects Lead (Guildford) (Matt Gough) was considered (and treated as) responsible for many aspects of Guildford's Housing including repairs and maintenance from at least January 2023 due to: (a) his perceived ability; and (b) the perceived lack of ability of the Joint Executive Head of Housing (Andrew Smith) to carry out the role and manage both Councils' stock. This does not, of course, change Andrew Smith's ultimate responsibility for Housing from October 2022, and Chris Wheeler's responsibility for Housing Operational and Technical Services until then, but the Councils may want to take note of the apparent failure to materially hold Andrew Smith to account over a material period of time, combined with an apparent failure to properly scope and resource the role, while instead placing additional reliance on the Housing Special Projects Lead (Guildford) (Matt Gough).

9.3. Andrew Smith did, however, remain in post from October 2022 until December 2023 and we note that, in her written response, the Joint Strategic Director of Community and Wellbeing (Annie Righton) appears to continue to place ultimate responsibility on him for Housing management and relevant failings – despite her stated reservations about his ability and performance. It might be considered that, in circumstances where alleged performance/capability issues relating to a senior manager were known at the time, a line manager might pay an even closer eye to what was actually happening in the Housing service, particularly in circumstances where the red flags came into evidence.

9.4. In support of the suggestion that he was under-performing, the Joint Executive Head of Housing (Andrew Smith) himself (in a written response) told us that he struggled with the role and was out of his depth. He was even critical of his own appointment. He said that the role itself was '*unmanageable*', that he did not have the required experience and was appointed to a role '*he could not fulfil*.' He said that he also did not have effective support from his line management. He said that, as a result, he relied on the Housing Special Projects Lead (Guildford) (Matt Gough).

- 9.5. The Joint Executive Head of Housing (Andrew Smith) further told us that, on his appointment as Joint Executive Head of Housing, he was aware of his limitations and raised concerns. He said the Housing Special Projects Lead (Guildford) (Matt Gough)'s contract was renewed and he stayed on to *'give support'* and (from 2023) managed *'responsive repairs, contract management and planned maintenance'*. He said he relied on the Housing Special Projects Lead (Guildford) (Matt Gough) and this is evidence we accept on the balance of probabilities.
- 9.6. In his written responses, the Housing Special Projects Lead (Guildford) (Matt Gough) told us that he was not Guildford's Head of Housing for the relevant periods, was not responsible for Guildford's Housing and it is incorrect to say so. He said his initial role was *'Head of Housing Strategy and Development'* and he then moved to a special projects role. We note, however, that in January 2022, and up to December 2022, his email footer stated that he was *'Interim Head of Housing, Exchequer & Development for Guildford Borough Council'*. We have seen that his title was changed in January 2023 to *'Housing Special Projects Lead'*.
- 9.7. The Housing Special Projects Lead (Guildford) (Matt Gough) also said that he was not responsible for repair or maintenance services. He said that the Joint Executive Head of Environment (Chris Wheeler) was responsible for the Housing Technical Services team, and that, as such, the Joint Executive Head of Environment (Chris Wheeler) and his team were responsible for repair and maintenance, and management of the repairs programmes, budgets, and strategies. He said that responsibility for these areas moved, in October 2022, to the Joint Executive Head of Housing (Andrew Smith). He said he should not be described as having responsibility for procurement, repairs, and maintenance other than during a period between October 2022 and January 2023. In a note to Councillor McShane on 6 January 2023 he, however, says that as of 1 January 2023 his role will be to *'lead on the HRA functions'* and that Technical Services has moved from Operational Services and Officer A will now report to him.
- 9.8. The Joint Strategic Director for Transformation & Governance (Ian Doyle) and other witnesses also referred to The Housing Special Projects Lead (Guildford) (Matt Gough) as the Head of Service. He told us that whilst the Joint Executive Head of Environment (Chris Wheeler) did manage the Technical Services team and it reported to him, the team still worked for the Housing Special Projects Lead (Guildford) (Matt Gough) and it was akin to there being a *'dotted line'* to him with them working together. We conclude, on the balance of probabilities, that the Housing Special Projects Lead (Guildford) (Matt Gough) was still (or at least still considered to be) to some extent materially involved. This does not of course absolve Chris Wheeler from his responsibilities.
- 9.9. The Joint Strategic Director of Community and Wellbeing (Annie Righton) the Director of Resources and Chief Finance Officer (Claire Morris)'s evidence was that they did engage with, and rely on, the Housing Special Projects Lead (Guildford) (Matt Gough) for Guildford's Housing matters (and the specific issues being considered in this report) and considered him to be largely responsible for material elements of Guildford's Housing. In addition, we have seen emails where the Housing Special Projects Lead (Guildford) (Matt Gough) appears materially engaged in matters concerning repairs and maintenance.
- 9.10. On the balance of probabilities, and on the evidence we have seen, we consider that, notwithstanding the formal roles of Chris Wheeler and Andrew Smith, the Housing Special Projects Lead (Guildford) (Matt Gough) did have a material role in relation to

Guildford's Housing maintenance and at the time of the matters under investigation and was at times perceived to be, effectively, Guildford's Head of Housing.

10. Governance Issues and Context

- 10.1. Governance issues relating to Guildford were addressed in the Solace Reviews and are noted above. Whilst it is not within our scope to investigate them, and we make no findings on them, they are relevant background and context to the Red Flags. In particular, where these governance issues were known and visible to senior management (including those on the CMB), we consider that, on the balance of probabilities and on the evidence before us, that they could have led to an identified higher need for vigilance.
- 10.2. In particular, the following identified issues arise where we have seen evidence that Guildford's senior management were alive to specific governance issues:
- 10.2.1. We note from the January 2022 minutes of the Corporate Governance and Standards Committee that, in response to the Financial Monitoring Report, the Committee *'noted that the report had omitted to state that service managers were also required to report overspends, as well as underspends, at the earliest opportunity when carrying out monthly monitoring of income and expenditure'*. This would suggest the senior management were alive for the need to receive regular reports of spending issues.
- 10.2.2. We have also seen email correspondence between the senior management team (including the Joint Chief Executive (Tom Horwood), the Joint Strategic Director of Community and Wellbeing (Annie Righton) and the Joint Strategic Director for Transformation & Governance (Ian Doyle)) in October/November 2022 discussing key governance issues for both Councils. The Joint Chief Executive (Tom Horwood) says he will be meeting monthly with the Joint Head of Finance and Chief Finance Officer (Peter Vickers) and the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) and cites budget overspend as a specific issue. The Joint Strategic Director of Community and Wellbeing (Annie Righton) replies to also include the central oversight of contracts, as a topic, to assist in ensuring procurement governance is followed. She told us that the lack of a visible contract register was also raised, and the Joint Chief Executive (Tom Horwood) asserted that he had taken material steps to improve governance at Guildford, and it was improving.
- 10.2.3. We make no findings on this but include reference to it as witnesses' own evidence to us would seem to support a proposition that senior management were alive to the lack of governance on financial, and contractual, matters.
- 10.2.4. The Joint Strategic Director of Community and Wellbeing (Annie Righton)'s own evidence to us was that, from early March 2023, she was also aware of *'spot purchases'* involving the Contractor. We are told these included orders being placed, outside of HRA work, with the Contractor and included an order to install CCTV.
- 10.2.5. The Joint Strategic Director of Community and Wellbeing (Annie Righton) also said it was very difficult to obtain accurate figures and the numbers given by finance kept changing when they were given. She said that this was the responsibility of the finance team. Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) however, told us that the finance team was not able to access full spend data as the data that was in Orchard, and which could be pulled over to

Business World, was incomplete. She said it relied on small, under resourced, teams putting data in correctly and in a timely fashion. Her evidence was that this did not always happen and that this was a direct correlation to the legacy issues created by the Future Guildford initiative. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) did not agree with this. She said that the issues were down to a culture in the Housing Service of not following corporate practices. She said that her view was that the matters giving rise to the Police Investigation could have been detected earlier had Housing not refused to follow the *'proper purchase order process'*. Again, responsibility for financial and wider governance issues are outside of our scope. We do not have the Housing services response to these matters, and we make no findings in relation to them.

10.2.6. A further particular issue is that we are told the IT systems used by Housing and one called Orchard in particular (the specific details of the systems and linked issues are outside of our scope) did not properly integrate with the financial IT system Business World as Orchard was too old.

10.2.7. We were told that, as a result, financial reporting drawn from Business World was known to be incomplete. We have seen evidence that suggests some Housing officers were (or said they were) not able to use the finance IT system, Business World, to properly access financial data including budgets.

10.2.8. Whilst the issues seem to have been well known, we have not seen evidence that effective manual work arounds were mandated to be implemented to ensure good governance continued on the Contractor contractual spend (or indeed other contracts). We have seen evidence relating to the Officer A investigation which flags that their manager was aware of system issues and that other individuals (seemingly not Officer A) had work arounds in place. This would have been useful evidence to receive from Officer A and the Housing Special Projects Lead (Guildford) (Matt Gough).

10.2.9. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) asserted that the Joint Strategic Director for Transformation & Governance (Ian Doyle) knew about the lack of integration as she had told him on *'numerous'* occasions. She also asserted that she asked both the Housing Special Projects Lead (Guildford) (Matt Gough) and the Joint Strategic Director for Transformation & Governance (Ian Doyle) for help and support to get Housing to comply with the financial procedure rules (which would be consistent with the view that Matt Gough was considered to hold material responsibility for Guildford's Housing) but they were resistant.

10.2.10. In relation to the issue of integration, Ian Doyle told us (in interview) that he was not aware of the lack of integration at the time. In his response to a draft of this report he said: *'Equally the matter of integration as we now know, were more about the impact of the lack of integration or workarounds that may have been put in place. In simple terms I do not believe either myself or colleagues would have understood/been aware that the situation meant there was an absence of financial controls in terms of spending above an order value to the extent that happened in this case'*.

10.2.11. The Joint Strategic Director of Community and Wellbeing (Annie Righton) told us she was not aware of the issue until *'the middle of 2023'*.

10.2.12. We have seen a report, brought to the CMB on 28 February 2023, detailing risks, and issues in relation to payroll and employee spend arising out of Business

World. We have not seen, or been directed to, a similar paper relating to the Orchard system integration issues although we have seen reference to Orchard being on the IT Risk Register as 'vulnerable'.

- 10.2.13. In light of the above we consider, on the balance of probabilities, that the senior management team in place at the time, including the Joint Strategic Director for Transformation & Governance (Ian Doyle) should have been aware of IT integration issues by at least early 2022 when there were proposals being considered to replace Orchard.
- 10.2.14. We were also told that Guildford officers were able to use what one witness called 'dump' codes in Business World whereby anything without a specific code could be 'dumped'. This meant that it was very difficult to identify (if at all) where and how money was being spent and whether budgets were being met.
- 10.2.15. This practice was something that, we are told, only became apparent to the Joint Strategic Director of Community and Wellbeing (Annie Righton) when she discussed the CCTV issue (see 18.9) with the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) and senior management (which we consider to be evidence of her being involved in operational matters when concerns were raised) in March 2023 and during the reviews into the 2023 Concerns.
- 10.2.16. Similarly to the above, we have seen emails from Officer A to their team raising a concern that capital codes were not being used properly – in that orders were not being charged to the correct codes (albeit this was in August 2023 after the process of investigating the 2023 Concerns had started). They specifically cite an example of Contractor orders for work on ventilation being charged to an 'environmental improvement budget'. Officer A also flags that the issue may be caused by the interaction between Orchard and Business World. We have seen emails from 2022 where potential miscoding of spend was raised with the Technical Services team. We have also seen emails from 2022 where Guildford employees raised questions to the Technical Services team about Contractor invoices and difficulties matching them up. This would seem to suggest that there was already a known governance issue with spend on Contractor being incorrectly coded and accounted for.
- 10.2.17. The Joint Strategic Director of Community and Wellbeing (Annie Righton) and the Joint Strategic Director for Transformation & Governance (Ian Doyle) were asked if the IT issues had at any point been specifically raised as a fraud risk. They confirmed that they had not raised it as their focus was on resolving the Housing compliance issues.
- 10.2.18. The Solace Review into Housing Governance details their recommendation as to contract monitoring. We have also seen evidence that the lack of effective governance over contract spend controls was a known issue for the CMB by January 2023 at the latest when they saw an audit report by KPMG, on 10 January 2023, which included a draft review of Guildford's Corporate Programmes Redevelopment Programme. This review specifically focused on the WUV development (which is in itself out of our scope) but appears to have looked at Guildford's overall governance structure. It provides an 'assurance' rating of Amber/Red based on the *'need for more stringent tracking and monitoring of WUV procurement activity to ensure that actual spend is in line with contracts. There is no formal ongoing monitoring of procurement contracts and spend against them'*. There is then further detail together with a proposed management plan. The report

into the 2022 Whistleblow, with the concerns raised about the contractor, was reviewed by the CMB shortly after this report.

- 10.3. Whilst the specifics of this audit, and management plan, is out of our scope, and we have not requested or read them, they may well support a proposition that the Guildford management team were taking steps in the right direction. The Joint Chief Executive (Tom Horwood) told us that he thought the specifics would however 'prove' that steps were being taken in the right direction and was further evidence that he, and the Joint Management Team, were taking '*material action*' to remedy governance issues. Again, even if this were the case it would however appear to have come too late to trigger a concern in respect of the Contractor and/or have a material effect on the issues leading to the Police Investigation.
- 10.4. The Joint Head of Finance and Chief Finance Officer (Peter Vickers) told us that the lack of financial controls and an absence of robust financial reporting would always '*heighten the risk of not detecting or deterring fraud*'. He also said that overspending was common at Guildford. We consider that this demonstrates that there was perhaps a need for heightened scrutiny, at a strategic level, of issues and decisions being taken – including, for example, in relation to the 2022 Whistleblow - and to ensure that appropriate controls were in place to mitigate such risks.
- 10.5. The Joint Strategic Director of Community and Wellbeing (Annie Righton) criticised us for what she said was leaping to a conclusion, here, in relation to the Contractor. She said there were hundreds of contracts across Guildford and the KPMG report specified WUV (for which as far we are aware the Contractor was not involved). To be clear, we draw no conclusion here other than noting that the KPMG report, and knowledge about the situation with WUV, did not appear to have triggered any specific concern amongst senior management and CMB about the specific situation with the Contractor, despite the 2022 Whistleblow, other concerns raised and known material governance issues.

PART 2: METHODOLOGY

11. Methodology

- 11.1. We were provided with an initial set of documentation and then further specific information on request. Key Guildford email inboxes were also reviewed with the assistance of the IT system 'Relativity'.
- 11.2. We carried out a number of witness interviews as set out below. With the exception of one, interviews were recorded and transcripts obtained of the interviews. Some witnesses were also asked follow up questions in writing.
- 11.3. We are grateful for the input from witnesses and those who co-operated with interviews and providing information.
- 11.4. Three witnesses were asked written questions rather than attend interviews. Two witnesses replied. One did not as they told us they were not able to assist having left the Councils and not retaining any records.
- 11.5. Some witnesses asked for, and were provided with copies of, their transcripts. We were also asked about sight of our report before publication. Individuals who are named have been given the opportunity to comment on this report. We are grateful for their input and responses.
- 11.6. The current Joint Chief Executive, Pedro Wrobel, and the Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale) provided support and Heminsley kept them updated as the investigation progressed.
- 11.7. There was a significant delay to the investigation between May and July 2024 whilst data was collated and loaded into Relativity. This delay impacted on investigator availability due to a pre-booked sabbatical. As a result, Trevor Gibson handed over the day to day running of the investigation to Simon Stephen in July 2024. As above, Trevor has continued to provide strategic input as required.
- 11.8. Our investigation is undertaken on an open basis. Where our investigations have unearthed potentially legally privileged material, we have not included it in our review as we are instructed that the Councils wish to maintain legal privilege where it may apply.

12. Interviews to date

- 12.1. Heminsley carried out the following interviews between March and November. In total there are around 450 pages of interview transcripts.

Name	Method
Procurement A	MS Teams
Procurement B	MS Teams
Susan Sale	MS Teams
Dawn Hudd	MS Teams
Claire Beesly	MS Teams
John Armstrong	MS Teams
Richard Bates	MS Teams
Executive Assistant	MS Teams
Executive Assistant	MS Teams
Annie Righton	MS Teams
Ian Doyle	In person
Victoria Worsfold	MS Teams
Claire Morris	MS Teams
Councillor McShane	MS Teams

Councillor Bigmore	MS Teams
Stephen Rix	MS Teams
Tom Horwood	Written questions and answers
Peter Vickers	Declined to answer written questions
Paul Spooner	Written questions and answers

12.2. Heminsley sought to interview the Housing Special Projects Lead (Guildford) (Matt Gough) - and Officer A (they have both left the Councils). The Housing Special Projects Lead (Guildford) (Matt Gough) declined to be involved and Officer A did not respond to emailed requests for an interview. While he declined to be interviewed the Housing Special Projects Lead (Guildford) (Matt Gough) did, however, provide a detailed response on receipt of a draft of this report.

12.3. During responses to a draft of this report witnesses were critical of our methodology. Heminsley recognises that there are a material number of other employees who may have been able to provide prescient evidence – not least to guide us to, and explain, documents contained within the dataset provided and elsewhere. Given budget proportionality, and timing, it was decided (and agreed with the Councils) that, at this stage, it would be disproportionate to do so.

13. Document searches to date

13.1. Heminsley reviewed the documentation provided by the Councils. Initial documents provided by the Councils amounted to around 1000 pages of documentation.

13.2. Heminsley also used the IT system Relativity to search the contents of certain Guildford inboxes. This initially involved over 420,000 documents running to millions of pages. Specific and targeted key word searches were carried out and further such searches were also carried out for specific documents following interviews as required. Latterly another module was used to undertake targeted concept searches.

13.3. Whilst we are aware that the senior management team also used Waverley inboxes, in light of the volume of information already received and reviewed, it was agreed with the Strategic Director, Legal & Democratic Services (Susan Sale), and the Joint Chief Executive (Pedro Wrobel) to focus on the Guildford inboxes and do targeted searches of any Waverley inbox as required. Witnesses, including the Joint Chief Executive (Tom Horwood) and the Joint Strategic Director of Community and Wellbeing (Annie Righton), have been critical of this approach. Where they have, however, directed us to specific emails or specific documents which we consider to be relevant, and proportionate to review, we have carried out further investigation.

13.4. We are, and have been, aware at all times of the need for proportionality and particularly in terms of the length of time taken for this review and the cost involved. The searches and document reviews carried out are considered to be proportionate in this context. We remain aware that there may well be further documentation that could be relevant but which has not been responsive to the searches undertaken, and to which we have not been specifically directed by witnesses.

13.5. There did not appear to be any one individual who was able to provide a coherent overview of the underlying issues. During the course of witness interviews we were often

referred to other individuals for answers. This may be symptomatic of the governance and cultural issues highlighted by the Wider Reviews. It may also have been symptomatic of the material changes in structure, and staffing, during the relevant time period.

13.6. It has become clear during the course of this investigation that a significant portion of relevant evidence has been difficult to obtain: (a) the amount of documentation (especially committee and meeting agendas and notes) is voluminous; (b) many witnesses have left the Council and cannot recall or direct us to specific evidence; (c) events happened up to over 3 years ago; and, perhaps most importantly, (d) key witnesses cannot now recollect matters or have declined to engage with the process – fully or at all.

13.7. While possible, unwinding all of the potential ‘*threads*’ and lines of investigation (including more forensic dives into the documentation and reviewing each and every financial monitoring report, committee or working group’s agendas, minutes, and terms of reference) would be time consuming, expensive, and would revisit the themes already explored by the Solace Reviews. Given that public money is at stake, it was considered that, at this stage, it would be disproportionate to do so given the red flags identified and evidence gathered (as highlighted in this report), which allows the Councils to address the questions posed for the investigation. Should further investigation be required, and a budget made available, this can of course be re-visited. We focussed on witness evidence, and specific documentation provided and/or identified through our searches and as directed to by witnesses.

Heminsley: 20 January 2025

ANNEX 1: KEY CHRONOLOGY

As part of the Chronology it should be specifically noted that collaboration between the Councils, and the appointment of the Joint Chief Executive (Tom Horwood), was in December 2021 and Joint Strategic Directors roles were appointed in August 2022.

Event	Date
Procurement of the Contractor Development Ltd for EICR Contract starts	July 2021
Signing of Urgent Decision Notice for procurement of EICR Contract	10 September 2021
EICR Contract signed	6 October 2021
Commencement of collaboration	1 December 2021
Approval, by Council, of increased investment for housing maintenance of £24.5 million (“2022 Investment”)	9 February 2022
Whistleblowing concern raised, and investigated, relating to potential fraud by the Contractor (and subsidiaries) and Guildford staff behaviour (“2022 Whistleblow”)	September 2022 – February 2023
A procurement specialist reviews the Contractor contract spend and emails Officer B re an overspend on the EICR Contract	9 December 2022
The procurement officer forwards the above email to another procurement specialist	12 December 2022
Procurement provides input into 2022 Whistleblow investigation	December 2022
2022 Whistleblow investigator provides updates and draft reports to the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) and the Joint Strategic Director of Community and Wellbeing (Annie Righton)	November 2022, January – February 2023
KPMG draft audit report, referring to failures in contract spend monitoring, reviewed by CMB	10 January 2023
Housing Special Projects Lead (Guildford) (Matt Gough) agrees procurement strategy – including 2023 Whole House Contract – with the Joint Strategic Director of Community and Wellbeing (Annie Righton)	2-3 February 2023
Guildford internal audit plan and charter reviewed by CMB	21 February 2023
Report to CMB on the 2022 Whistleblow	21 February 2023

First (incorrect) Decision Notice published re Whole House Contract	1 March 2023
Procurement raises concerns to finance re Whole House Contract procurement	1 March 2023
Finance raises concerns to the Joint Strategic Director of Community and Wellbeing (Annie Righton) re Whole House Contract procurement	2 March 2023
The Joint Strategic Director of Community and Wellbeing (Annie Righton) says she meets with Housing Special Projects Lead (Guildford) (Matt Gough), Officer B, and team re Whole House Contract	March 2023
Corporate Procurement Board approve the Whole House Contract procurement	15 March 2023
Whole House Decision Notice	28 April 2023
Whole House Contract signed	13 June 2023
Finance send email with concern re overspend on contracts for the Contractor to the Joint Strategic Director for Transformation & Governance (Ian Doyle) and others	27 June 2023

ANNEX 2: KEY INDIVIDUALS

The following key individuals, and their relevance/role, are referred to in this report.

James Whiteman	Managing Director Guildford until 1 December 2021.	Appointed Ian Doyle and overall sponsor of the Future Guildford programmes.
Tom Horwood	Chief Executive Waverley and Joint Chief Executive for the Councils from 1 December 2021 to February 2024.	Chaired CMB 21 February 2023 and provided summary and action points.
Ian Doyle	Director of Service Delivery (including Housing) 2020-August 2022. Joint Strategic Director for Transformation & Governance August 2022-September 2024.	Director responsible for Housing until August 2022. Then Director for Transformation and Governance (which included finance and procurement within its remit). Responsible for implementing 'Phase B' of Future Guildford. Recruited Matt Gough. Signed decision notices for the EICR contract. Received CMB report into 2022 Whistleblow.
Matt Gough	Interim Contractor - February 2021 – September 2023.	Appointed by Ian Doyle. Considered by many to be effectively responsible for material aspects Guildford's Housing service. Contract terminated September 2023.
Officer A	Technical Services Employee.	Contract manager for EICR and Whole House contract. Left 2024.

Officer C	Technical Services Employee until 2024.	Worked on the Contractor contracts with Officer B.
Chris Wheeler	Head of Operational and Technical Services Guildford Housing March 2021-October 2022 reporting to Ian Doyle. Joint Executive Head of Environment from October 2022.	Left January 2024.
Officer B	Contractor.	Contract terminated September 2023. Led procurement for EICR and Whole House Contracts. Primary contact with the Contractor.
Officer D	Contractor.	Contract terminated September 2023. Officer B was their father. Worked on the Contractor contracts.
Andrew Smith	Joint Executive Head of Housing from October 2022 to December 2023.	Responsible for the Councils' Housing October 2022 – December 2023.
Claire Morris	Director of Resources (Guildford) and CFO February 2018 – July 2022.	In place at the time of the restructure and implementation of Business World and led on Phase A of Future Guildford. Worked with Matt Gough on the proposal for the 2022 Investment.
Stephen Rix	Interim Lead Legal Specialist (Monitoring Officer) (Guildford) and From May 2022 to October 2022 Interim Borough Solicitor (Waverley).	Led on the investigation into the 2022 Whistleblow and report to CMB.

	Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer October 2022 – April 2023.	
Procurement A	Interim procurement Specialist (Guildford).	<p>Provided procurement support for the EICR contract.</p> <p>Identified 2022 Overspend.</p> <p>Raised concerns in March 2023 re the Whole House Contract procurement process.</p>
Procurement B	Procurement specialist (Guildford).	<p>Received Procurement A's email in December 2022 re the Contractor Overspend.</p> <p>Provided evidence to the 2022 Whistleblow.</p> <p>Supported on the Whole House Contract Procurement process.</p>
Victoria Worsfold	Lead Finance Specialist/Deputy Chief Finance Officer until January 2024.	<p>In place at the time of the Future Guildford project and implementation of Business World.</p> <p>Supported with the 2022 Investment Process.</p> <p>Raised concerns re the 2023 Whole House procurement to Annie Righton.</p> <p>Raised 2023 Concerns to Ian Doyle and others.</p>
Annie Righton	Joint Strategic Director of Community and Wellbeing (which included housing).	Responsible for housing in both Councils from August 2022 to April 2024.

		<p>Worked alongside Stephen Rix on the 2022 Whistleblow investigation and report</p> <p>Responded to Victoria Worsfold's concerns re the 2023 Whole House Contract Procurement.</p> <p>Signed off on the Whole House Contract Procurement.</p>
Peter Vickers	Joint Head of Finance and Joint Chief Finance Officer October 2022 – July 2023.	Reported to Ian Doyle and led on financial recovery.
Richard Bates	Initially Joint Executive Head of Finance and Chief Finance Officer (interim) from July 23, then became Joint Strategic Director in March 24.	
Dawn Hudd	Joint Strategic Director of Place from August 2022.	Now left. Member of CMB and aware of the report into the 2022 Whistleblow.
Susan Sale	Initially Joint Executive Head of Legal & Democratic Service and Monitoring Officer from April 23 then became Joint Strategic Director from March 24.	
Pedro Wrobel	Joint Chief Executive from February 2024.	
Councillor McShane	Leader of the Council from 11 October 2022.	
Councillor Bigmore	Ward Councillor for Merrow. Leader of the Council from 6 October 2020 – 22 September 2022.	
Paul Spooner	Previous Chair of the Overview and Scrutiny Committee and in post at the time of the EICR Contract.	

ANNEX 3: Relevant Access to Information Rules, Financial and Procurement Processes

Access to Information Rules

- a. Guildford's Access to Information Rules form part of its constitution.
- b. We are aware that different versions have been in place at different times and have been supported by members of the Democratic Services team.
- c. In summary the rules applicable at relevant times provide:
 - i. Key decisions cannot be taken unless a key decision notice has been published for at least 28 clear days (subject to the exceptions below).
 - ii. Key decisions should be included in Guildford's Forward Plan.
 - iii. If a key decision notice was not published, the key decision can be taken if (a) timing means it is impracticable to publish the notice (b) the Democratic Services and Elections Manager has informed the Chair of the Overview and Scrutiny Committee and made copies of the notice available, and (c) at least 5 days has elapsed.
 - iv. If the key decision has to be taken by a date which means the above can't be followed, then the decision maker must obtain the agreement of the Chair of the Overview and Scrutiny Committee (albeit not specified to be in writing).

Procurement Procedure Rules

- d. Guildford's procurement obligations are set out in their Procurement Procedure rules which form part of its constitution.
- e. We are aware that different versions have been in place at different times and have been supported by members of the Democratic Services team.
- f. In summary the rules applicable at relevant times provide:
 - i. They apply to all purchases of works, goods, and services.
 - ii. Observance is mandatory.
 - iii. They set minimum standards and further steps can be taken to achieve best value.
 - iv. The Corporate Procurement Board are to ensure process and reporting requirements are met.
 - v. Contract managers are responsible for monitoring the performance of contractors against the agreed level of service.
 - vi. Exemptions require Directors/Strategic Directors, or the Executive Head of Service/Service Leader to obtain the consent of the Corporate Procurement Board.
 - vii. Exemptions include the situation where the procurement is required urgently and would not permit invitation of quotations or tenders.
 - viii. Breach of the rules would be a breach of Guildford's Officer Code of Conduct.
 - ix. Work is not to begin under any contract until it is signed – unless approved by legal in matters of urgency.

- x. It is the responsibility of the Service Leaders/Executive Heads of Service to ensure contracts are operated effectively, efficiently, and economically.

Financial Procedure Rules

- g. Guildford's financial obligations (in place at the relevant time) are set out in their Financial Procedure rules which form part of its constitution.
- h. We are aware that different versions have been in place at different times and have been supported by members of the Democratic Services team.
- i. In summary the rules applicable at relevant times do not specifically govern managing individual contract spend (we note, however, that monitoring contractual performance is part of the EICR Contractual terms).
- j. However, the rules do require (with cascading responsibility down from the CFO to budget holders) effective monitoring and controls to be put in place in relation to the management of budgets and resources. This includes monitoring of financial performance and putting in place controls ensuring that goods and services are procured, ordered, and paid for properly and appropriately.
- k. There are also detailed rules for Capital Programmes for which the CFO and Lead finance specialist are ultimately responsible, with further responsibility on Executive Heads of Services (now called Assistant Directors).
 - 1. There are detailed rules as to the process that should be followed for putting in capital bids, business plans and approval.
 - 2. Our review suggests that these may not have been followed for the 2022 Investment.
- l. Of separate note we note the investigation report into the allegations against Officer A found that they had failed to monitor contract spend and this was a '*significant breach of the Public Contract Regulations 2015 (PCR2015)*' but without further detail.

ANNEX 4: PART 3 - EVIDENCE

PART 3: The Evidence

In this part we take each of the identified key areas and seek to provide a summary of the evidence obtained.

14. The procurement process relating to, and the award of, the EICR contract with the Contractor in August/October 2021 ("EICR Contract")

Knowledge of Contractors

- 14.1. Concerns were raised that the Joint Strategic Director, Transformation & Governance (Ian Doyle) may have known Officer B from previous roles and had an inappropriately close relationship with him. We have not seen evidence that the Joint Strategic Director for Transformation & Governance (Ian Doyle) knew or worked with Officer B, or the Housing Special Projects Lead (Guildford) (Matt Gough) previously. Whilst we were told that the Joint Strategic Director of Place (Dawn Hudd), and the Housing Special Projects Lead (Guildford) (Matt Gough), knew each other she, and the Housing Special Projects Lead (Guildford) (Matt Gough), told us they did not, and she only knew his reputation from working at Medway Council. We have also not seen any evidence that the Joint Strategic Director Transformation & Governance (Ian Doyle), the Joint Strategic Director of Place (Dawn Hudd) and Officer B socialised together or had a close relationship. The Housing Special Projects Lead (Guildford) (Matt Gough) was, it appears, recruited by the agency Penna and not by Ian Doyle or Dawn Hudd themselves, although Ian Doyle recalled asking Dawn Hudd for her opinion.
- 14.2. It was also asserted that the Housing Special Projects Lead (Guildford) (Matt Gough) knew Officer B; however, he denied this in his written response. We have not been able to interview either individual as to the scope of any relationship.
- 14.3. Officer B then engaged other officers including a direct relation ("Officer D"). We have seen evidence that suggests that the Joint Strategic Director for Transformation & Governance (Ian Doyle) may have signed off on the recruitment of Officer D. We have not seen any evidence that any material scrutiny was applied to the recruitment.
- 14.4. The evidence we have seen does, as was flagged in the Wider Reviews, highlight the apparent lack of governance over the recruitment of contractors including to ensure that there are no conflicts of interests. We understand that this is something which is already being looked at by the Councils (and indeed was a point that was picked up and followed up on from the 2022 Whistleblow).

Procurement Process

- 14.5. We note that this has also been looked at by the Solace Review into Housing Governance. It was also part of Jeanette McGarry's fact finding exercise in relation to the Joint Strategic Director for Transformation & Governance (Ian Doyle).
- 14.6. The EICR contract was procured using Guildford's special urgency Powers. This is a step further than Guildford's general exception rule and is used when a decision is so urgent that it cannot wait to be published for either 28 days (under the key decision process) or 5 days (under the general exemption process). It also means it does not have

to be published on the Forward Plan. These exceptions are, we are told, only to be used in 'exceptional circumstances'.

- 14.7. The procurement process was started in the summer of August 2021 with Officer B seeking to use a framework to appoint the Contractor, urgently, using a direct award.
- 14.8. It appears from the evidence that the business case was prepared by officers (including Officers B and A) and put forward by the Housing Special Projects Lead (Guildford) (Matt Gough) and was signed off by the Joint Strategic Director for Transformation & Governance (Ian Doyle) – it would appear by email. The Head of Housing (Guildford) Matt Gough however denies having any material involvement in the procurement process after putting forward the business case. We have not, however, seen evidence that there was material scrutiny of either the apparent urgency of the exercise or the business case supporting it by the Joint Strategic Director for Transformation & Governance (Ian Doyle), or the Corporate Procurement Board (albeit the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us they would have received advice from the procurement team on the route to market and the value for money of the tender).
- 14.9. Following this, Officer B engaged with the legal team who appear to have further advised on the process that needed to be followed in relation to the special urgency notice and contractual process. The evidence we have seen shows they identified issues around the process followed, and particularly in relation to obtaining appropriate delegated authority ("DA"). For example, there is evidence that the service had a signed DA from the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) but were told it needed to be from Ian Doyle. We have not been able to interview the Housing Special Projects Lead (Guildford) (Matt Gough), Officer B, or Officer A, to examine how and why these issues arose.
- 14.10. On the face of it the procurement process does (eventually) present as being compliant with internal processes. Procurement, legal, financial, and democratic services provided their input. Approval was also sought and provided by the Overview and Scrutiny Committee and relevant members.
- 14.11. Whilst we have not seen a specific email from the Chair of the Overview and Scrutiny Committee, we have seen an email from Housing Special Projects Lead (Guildford) (Matt Gough) to the Chair explaining the need for the urgency, followed by the Housing Special Projects Lead (Guildford) (Matt Gough) confirming to the Joint Strategic Director for Transformation & Governance (Ian Doyle) that the Chair has approved it. The Joint Strategic Director for Transformation & Governance (Ian Doyle) is copied to these emails and they also appear to then be relied on by other stakeholders as having complied with requirements. We have also seen an email which suggests that the conversation with the Chair may have been held by the Legal Lead Specialist and Monitoring Officer (Guildford) at the time - Diane Owens. The Chair has confirmed to us, in response to written questions, that they did approve it.
- 14.12. The evidence would tend to suggest that there is at least a proposition that the Joint Strategic Director for Transformation & Governance (Ian Doyle) did not therefore see – or check – that there had been specific approval from the relevant Chair. During interview, the Joint Strategic Director for Transformation & Governance (Ian Doyle) was not able to specifically recall whether he did in fact confirm approval with the Chair. On the balance of probabilities it would seem that he did not.
- 14.13. During interview, the Joint Strategic Director for Transformation & Governance (Ian Doyle) could not recall specific conversations or detail as to his involvement in the

procurement process (he did in fact tell Solace that he did not remember the Contractor) but he did recall being made aware of urgent compliance issues by the Housing Special Projects Lead (Guildford) (Matt Gough).

- 14.14. The Corporate Procurement Board (“CPB”) gave their approval on 8 September 2021. Perhaps surprisingly, given the exceptional nature of the urgency provisions, the minutes of the CPB meeting do not record the reasons for the stated urgency. The Joint Strategic Director for Transformation & Governance (Ian Doyle) was then provided with the delegated authority to sign, which he did on 10 September 2021. The contract was then, however, not put in place until 6 October 2021. Legal services provided a completion memo to Officer B and copied in finance colleagues, including the Lead Finance Specialist/Deputy CFO (Guildford) (Victoria Worsfold). The delay might suggest that the procurement was not, in the event, as exceptionally urgent as was initially stated. We have not seen any evidence that this discrepancy was highlighted in a material fashion by anyone involved or that it was an issue either spotted by, or flagged to, the Joint Strategic Director for Transformation & Governance (Ian Doyle) as a material issue. He has told us that he considers that it was, in fact, a brief period in any event to get a contract in place.
- 14.15. Whilst the evidence does support a proposition that there were urgent compliance issues; to date we have not seen substantial evidence that the situation was in fact so urgent that these exceptional provisions needed to be used. The Housing Special Projects Lead (Guildford) (Matt Gough) told us that EICRs were a particular area of concern at the time.
- 14.16. The Housing Special Projects Lead (Guildford) (Matt Gough), said he had no involvement with the procurement process, or with the decision to use the powers (which was down to the Joint Strategic Director Transformation & Governance (Ian Doyle) and the Joint Executive Head of Environment (Chris Wheeler)), but he did recognise the need to start works as soon as possible. He said he had no involvement other than emailing the Chair of the Overview and Scrutiny committee about the use of powers as the Joint Executive Head of Environment (Chris Wheeler) was away. The evidence we have seen, however, would tend to suggest that the Housing Special Projects Lead (Guildford) (Matt Gough) was involved to a greater extent than he recollects. There is evidence of his involvement in reviewing rationales and liaising with relevant stakeholders for the required approval. On the balance of probabilities and on the evidence we have seen, we therefore consider that he did (or at least was perceived to) have a material role in that process.

Contract Monitoring

- 14.17. Witnesses told us that monitoring contract spend was the responsibility of the contract manager and service themselves as they were responsible for the budget (we understand this may have now changed to impose explicit obligations on Directors and Executive Heads of Service). We were told that contract spend was not, therefore, routinely monitored by others. As cited above, Joint Strategic Directors (including Ian Doyle and Annie Righton) told us that the scope of their role, and the responsibility of others, meant that they could (and should) only provide strategic input. Procurement told us it was not their responsibility and Procurement A told us they did not think that anyone was, in fact, monitoring contract spend other than the service themselves. On the

balance of probabilities on the evidence we have seen, we do not consider that there was any meaningful or effective monitoring of contract spend relating to the Contractor.

- 14.18. This would seem to be consistent with the KPMG report highlighted above and also the Joint Chief Executive (Tom Horwood)'s evidence as to the legacy effect of Future Guildford. The Joint Strategic Director of Community and Wellbeing (Annie Righton) told us that on the formal collaboration in 2022, when the Councils joint leadership became single officers, she was '*shocked*' (as were others from Waverley) as to the lack of budget monitoring at Guildford and the real state of the finances. She said that, from the work senior management did, with the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers), she felt that Guildford had been '*running without budgetary control*' for some time. Emails we have seen from the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) would tend to support this assertion.
- 14.19. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) asked us to specifically reflect that, during her time at Guildford (up to July 2022) there were controls in place for the form of the Business World purchase order approval process and the Housing work order approval process. She also said budgets were monitored and reported on to the CMB and the Corporate Governance and Standards Committee.
- 14.20. As cited above, witnesses were critical of the finance team. We have not put individual criticisms, which do not relate to the substantive issues, to the relevant individuals as they are outside of our scope.
- 14.21. We note, however, that the Joint Strategic Director Transformation & Governance (Ian Doyle) had overall responsibility for finance (from August 2022) and the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) was the statutory s151 officer at the time of the 2022 Whistleblowing report was seen by CMB. Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) reported to him.
- 14.22. Despite this we have not seen any evidence of substantial steps being taken to ensure that the Contractor contract spend was either raised as a fraud risk, or to mandate that local controls should be put in place on contract spend for the Contractor.
- 14.23. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us that that she was not aware of, and did not monitor, contractual spend. She said it was not a realistic expectation for her to do so and it was the responsibility of the contract and/or budget manager. She was also of the view that it would have been the budget manager's responsibility to monitor spend against budgets and contracts. She told us, in a written response to a draft of this report, that there was also an annual procurement report to the Oversight and Scrutiny Committee that reported expenditure by supplier - but did not provide contract values. If this is the case, then it further indicates that information was available to senior management and governance committees, as to supplier spend, that could have assisted in identifying red flags and remedying issues. In support of this we have seen reports, and reviews, carried out on the spend with agencies.
- 14.24. The Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) also told us that there was no meaningful monitoring of contract spend by finance. She said she was only aware of the overall high level HRA budget spend. In other

words, people were aware of how much of the 'pot' was left but not what the pot was being spent on.

- 14.25. We have seen evidence from the Wider Reviews which would appear to show that contracts were not effectively monitored, and the difficulties in monitoring budgets and spend were well known and flagged to senior managers. Indeed, the Joint Executive Head of Housing (Andrew Smith) told us he was aware of '*serious long term systemic failures in financial governance*' and whilst he began to work through budgets with the HRA accountant '*we did not get very far*'.
- 14.26. The Officer A investigation also found that they had support from finance as to the HRA expenditure and budget and so they should have been aware of what the team was spending but did not relate this to specific contracts. That investigation also found that the evidence tended to show that they had approved invoices outside of their delegated authority and without proper scrutiny. This would tend to suggest (and we have seen emails to support this) that there was a form of budget monitoring at the junior officer level, between housing officers and finance. We have seen evidence that Officer A and their team did liaise with finance on budgets and spend – including in relation to preparing the year end budgets and accounts.
- 14.27. We have seen emails between the Technical Services team and junior finance/project officers which include reference to overspending on budgets for work on specific maintenance workstreams (such as voids) but within overall budgets. We have observed that the figures in the documents provided to were, from the emails we have seen, compiled by the service directly and do appear to fluctuate. This would tend to support evidence we were given that it was difficult to obtain firm financial figures. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) said that the information that should have enabled officers to monitor budgets was available in the IT systems. The Housing Special Projects Lead (Guildford) (Matt Gough) says, however, that he was not involved in budget monitoring as it sat with the Joint Executive Head of Environment (Chris Wheeler), and then the Joint Executive Head of Housing (Andrew Smith). The emails and evidence we have seen tend to suggest that Matt Gough was involved in providing information re capital spend and budgets.
- 14.28. In mitigation we have seen evidence (in their investigation process) from Officer A that they were told, by the Joint Strategic Director for Transformation & Governance (Ian Doyle) to effectively spend what was required to ensure that compliance was brought up to date. We put this to Ian Doyle. He accepted he was likely to have said something along these lines but said that he still would have expected them to comply with their obligations. Officer B, in emails following the termination of their contract, has also made similar assertions.
- 14.29. The Joint Strategic Director for Transformation & Governance (Ian Doyle) and the Joint Strategic Director, Community and Wellbeing (Annie Righton) told us at interview that they did not review contract spend themselves as they focussed on high level budgets. This, they said, was because their roles were strategic and they did not have the bandwidth to do so. They also told us that they relied on their subordinates to identify any issues.
- 14.30. The Joint Strategic Director, Transformation & Governance (Ian Doyle) also said that he would expect the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) to have raised any concerns in relation to budgets and that she had told him there was sufficient funds to be used for housing maintenance. He then expected the required work to be done within that budget. As an aside, it should be noted that the

Joint Strategic Director, Transformation & Governance (Ian Doyle) was often emailed directly and asked to provide approval for decisions. There is evidence that he either responded to such emails himself (or instructed his executive assistant to approve on his behalf) within a short timeframe, which raises a question as to his ability to properly scrutinise what he was approving, including whether there was budget for such approval.

- 14.31. We have seen evidence that the Joint Strategic Director, Transformation & Governance (Ian Doyle) thought that the Joint Executive Head of Environment (Chris Wheeler) found Officer A difficult to manage and that Housing Special Projects Lead (Guildford) (Matt Gough) had complained that he was not able to obtain information from them. We have not, however, seen material evidence of these issues being robustly and appropriately managed until the issues leading to the Police Investigation came to light following the 2023 Concerns. The Joint Executive Head of Environment (Chris Wheeler) told us that the concerns had not, however, reached the point for a formal process to be triggered.
- 14.32. In mitigation both the Joint Strategic Director of Community and Wellbeing (Annie Righton) and the Joint Strategic Director for Transformation & Governance (Ian Doyle) gave us evidence that the size of their roles and remits was, effectively, too large for them to get involved in the granularity of contract spend. They said that their roles meant they had to prioritise their time. The Joint Strategic Director for Transformation & Governance (Ian Doyle) told us that he hired the Housing Special Projects Lead (Guildford) (Matt Gough) as he was not able to cope with the housing issues and the rest of his role. He said that the size of the Joint Strategic Director of Community and Wellbeing (Annie Righton)'s role was '*ridiculous*'.
- 14.33. The Joint Strategic Director of Community and Wellbeing (Annie Righton) said that she had two email addresses and was responsible for both Councils' housing stock with separate HRAs and the different systems that entailed. Both told us this meant they had to work very hard and their roles were very difficult. Both her and the Joint Strategic Director for Transformation & Governance (Ian Doyle) told us that this was why they relied on the Housing Special Projects Lead (Guildford) (Matt Gough) and other stakeholders. The Joint Strategic Director of Community and Wellbeing (Annie Righton) also told us (and we have seen evidence on this in written updates provided by him in early 2023) that the Housing Special Projects Lead (Guildford) (Matt Gough) told her the £24million budget was in fact underspent.
- 14.34. In light of the issues identified in relation to Officer A, we have not seen evidence that their line management, up to the Joint Strategic Director of Community and Wellbeing (Annie Righton) and the Joint Strategic Director for Transformation & Governance (Ian Doyle), took effective steps to ensure that the Technical Services team was complying with the Financial Procedure rules and was appropriately managing their contract spend, or to ensure that there were controls in place around contract spend. On the balance of probabilities we consider they did not. The evidence would tend to suggest this could have been a wider cultural issue linked to existing poor financial governance.
- 14.35. We have seen emails with, and about, a draft Asset Management Strategy (throughout 2022). Councillor McShane helpfully drew our attention to these as she recalled being sent a copy by the Housing Special Projects Lead (Guildford) (Matt Gough). He said that the Joint Executive Head of Environment (Chris Wheeler) managed this, and that he only added to the draft Asset Management Strategy as he was asked to contribute to sections on tenancy and residency engagement. He said that he had sent

it on as a courtesy, as Councillor McShane had asked for an update on work from others but had not been given one. This document was prepared with the support of Rand Associates. Of particular note is section 13, headed 'Monitoring Performance'. This refers to monthly contract review meetings and quarterly reviews at Senior Management Team meetings. Councillor McShane told us she did not think these happened. We have not seen evidence of effective contract reviews taking place in relation to contracts with the Contractor – or if they did them having a material impact on formally identifying and/or preventing any overspend if they did. We note that, from the documents we have seen, Matt Gough did actually attend meetings on the strategy during 2022.

- 14.36. Had we been able to interview the Housing Special Projects Lead (Guildford) (Matt Gough), Officer B, and Officer A, we would have asked them for more detail about the Asset Management Strategy, and not only what they believed their own obligations to be (including how they fulfilled them) to ensure they complied with their obligations under the Finance Procedure rules.

IT and Process issues

- 14.37. Witnesses, and the Joint Strategic Director of Community and Wellbeing (Annie Righton) and the Joint Strategic Director for Transformation & Governance (Ian Doyle in particular, told us that the finance systems put in place after the 2019 Future Guildford programme created material issues in relation to budget control and monitoring. The Joint Strategic Director for Transformation & Governance (Ian Doyle) told Jeanette McGarry (see 6.3) that his staff could not see their budgets and he could not hold them to account. As set out above, he also said that Housing staff would complain to him about Business World and that he had raised it with the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) who assured him it was in hand.
- 14.38. Procurement A said that they did not have access to Orchard, so when they ran the contract spend report in 2022 it only identified the spend on the Contractor but did not identify what it was being spent on. They also told us that Guildford's systems were not set up to report on contract spend. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) said that whilst this was not a feature in many finance systems, she thought that there were means of using budgets and coding structures to monitor contract spend.
- 14.39. When we interviewed the Joint Strategic Director for Transformation & Governance (Ian Doyle), we pushed him on this point. He said that he found it very difficult to get financial information and he was not able to get detailed budget reports he wanted because of the financial IT system and access issues. He, and the Joint Strategic Director of Community and Wellbeing (Annie Righton), gave us an example of not being able to identify headcount which meant that budgets were hard to maintain. She said that this was down to the complexities of Future Guildford and was an ongoing issue. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us that the Joint Strategic Director Transformation & Governance (Ian Doyle) had access to Business World and so could have run reports and see detail, although she had no recollection of him doing so.
- 14.40. The Joint Strategic Director for Transformation & Governance (Ian Doyle) said that the IT system and access issues meant that people had to manually obtain data and keep it in separate spreadsheets. Despite this we have not seen evidence that the Joint Strategic Director for Transformation & Governance (Ian Doyle) *required* any manual

- checks to be put in place amongst officers (including Officer A) to regularise the position and ensure adequate contract monitoring (and for the Contractor in particular).
- 14.41. The evidence of the Joint Strategic Director for Transformation & Governance (Ian Doyle) was that he was unaware that the system housing used, Orchard, did not integrate with Business World until after the 2023 Concerns. He said staff would complain to him about system access, training, and the visibility of budgets rather than compatibility issues.
- 14.42. We have seen a proposal put to Council on 9 February 2022 to replace the Housing systems – as a result (in part) to the incompatibility between the systems. We have not seen material evidence that the Joint Strategic Director for Transformation & Governance (Ian Doyle) raised material operational concerns to the wider Senior Management as to the issues his staff were having with Business World and Orchard's lack of integration. For example, the Joint Strategic Director for Transformation & Governance (Ian Doyle) accepted process issues were not raised as an operational risk that needed to be logged on a risk register. The KPMG report we referred to above also flags compatibility issues with Business World and another system used by Guildford.
- 14.43. The Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) said that there were material issues with processes and resources caused by the Future Guildford programme which impacted on service delivery. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) acknowledged that there were issues with Business World and Orchard, which were largely down to the age of Orchard and the inability to integrate the two as a result. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us that a key issue was that Housing did not use the Business World purchase order system, but Orchard's work order system, and that Housing was resistant to the change. She said that the ultimate issue was then that Guildford could not match invoices across the two systems. This led to the process where Orchard invoices were manually loaded into Business World which meant having to input the invoices in twice: which people did not want to do. As a result, she tells us that the IT issues could have been 'overcome' had the Housing team agreed to use Business World system properly '*like the rest of the organisation*'. She accepted that this required entering information into both systems and '*double keying*' and this would have been an administrative burden. She told us however that Housing's '*stubborn failure*' was the issue. She also said that she raised this with the Housing Special Projects Lead (Guildford) (Matt Gough) who, she says, told her his team were not prepared to do the duplication of work. We do not have the Housing Special Projects Lead (Guildford) (Matt Gough)'s direct response to this but note that in his written response he denies having responsibility at the time.
- 14.44. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) also said it was possible to run reports on spend from Orchard (which contained committed spend details) and Business World (which contained actual spend) and work with the relevant accountants to monitor budgets and spend. She also said that Business World did have better controls to enforce compliance – such as not being able to pay without a purchase order (indeed, this is how procurement became aware of a sub-contractor of the Contractor in December 2022 as the service needed contract award details to be put in Business World to pay invoices) and using anti-fraud software.
- 14.45. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) said, however, that during the implementation of Business World, the Joint Strategic Director, Transformation & Governance (Ian Doyle) and staff were provided with support

- by her teams and that steps were taken to fix the issue by implementing new modules. She said that the facility to monitor budgets was there but there was a 'huge' cultural resistance to taking ownership and accountability of budgets. She said the Joint Strategic Director for Transformation & Governance (Ian Doyle) had access to budgets and she did help him with issues when he asked – she gave an example of supporting him with an issue with the parks manager.
- 14.46. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) also said that there was an anti-fraud tool added to the system – the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) told us, however, that this anti-fraud tool was not being monitored by the junior teams.
- 14.47. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) said that it was possible to work with the two systems but accepted it involved using two data sets. She accepted that this lack of joined up functionality had not been flagged as a specific risk to the Councils, and she accepted it should have been, but that there was an ongoing pipeline of development and workstreams to improve Business World and the known user issues. She said that she handed over the ICT and Digital Program board to the Joint Strategic Director for Transformation & Governance (Ian Doyle) in light of his new Joint Strategic Director role.
- 14.48. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) also said that the finance systems would not show contract spend itself anyway. She said that they would be able to show spend against supplier and/or budget but not as against a specific contract. She said that, to do that, the contract would need to be set up as a separate cost centre or purchase order raised for the full contract value. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) said that the only way she could think of monitoring contract spend was for the budget holder to use a spreadsheet outside of the financial systems. She told us, to clarify her initial comments, that the main way contract spend 'could and should' have been monitored would have been to set up individual costs centres in Business World for each workstream or project and allocating the relevant budget to those records. She pointed out that setting budgets up with sufficient detail to enable effective monitoring was a requirement of the Financial Procedures Rules.
- 14.49. Claire Morris's suggestion, therefore, would appear to rely on individuals using their own initiative rather than following a set governance process or control mechanism (which accords with the Joint Chief Executive (Tom Horwood)'s evidence that the Future Guildford programme moved to a principle of manager self service). The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us that it was, however, the individual contract manager's responsibility to ensure contractors are performing against their contracts.
- 14.50. This workaround could, of course, have been imposed as a mandatory requirement by senior management when they were fixed with knowledge that there was an issue. We have not seen evidence that senior management thought to do so, or to mandate it specifically in relation to the Contractor. On the balance of probabilities, and on the evidence we have seen, we do not consider that they did or did so effectively.
- 14.51. It should also be noted here that even a simple supplier report would have shown what was being spent on suppliers and could have been used to monitor contractual spend (particularly for the Contractor who only had one contract until June 2023). That was, after all, how procurement spotted the problem in December 2022 (albeit they took no further action having found the concern).

Change in Scope

- 14.52. We have seen evidence that work had been done, by the Contractor, on matters outside of the EICR contract and before the award of the Whole House Contract. The CCTV instalment (see below 18.9) would appear to be an example that was known about by the Joint Strategic Director of Community and Wellbeing (Annie Righton) and others by March 2023 at the latest. She told us that the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) was aware of it and that Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) thought it should have been a separate procurement. We were told by both procurement and legal, however, that there was no record of any further contract awards for the Contractor. Similarly, legal told us that they had not been involved in any contractual amendments. We have not seen evidence that the Financial Procedure rules relating to procurements were used or followed.
- 14.53. Legal did tell us that they are reviewing the amendment process. We are told it will now require price variations over certain thresholds to have to come back to CPB for approval. This was not present at the time of the EICR Contract which, for our review, could suggest that, in the absence of such effective controls, monitoring specific contract spend would appear to have been even more important.
- 14.54. What we have seen evidence of is, firstly, a whistleblower stating that they believed a contract for bathrooms and kitchens had been awarded to the Contractor and, secondly, officers seemingly asking Officer B and their team whether work that needed to be done (on matters such as building repairs, kitchens and bathrooms) could be done by the Contractor and/or under the Whole House contract even before it was awarded. The Contractor was also instructed to install CCTV.
- 14.55. We are told that there was no contract in place for the Contractor to work on bathrooms and/or kitchens. In the emails we have seen, a draft Asset Management Strategy, between Rand Associates, the Housing Special Projects Lead (Guildford) (Matt Gough) Officer A, Officer B, and others, sets out that the major voids works contract is with a different named contractor, and a planned investment work contract for kitchens and bathrooms and heating upgrades is with another, different, named contractor. The Contractor is only named against the EICR Contract.
- 14.56. We have also seen invoices for the Contractor to carry out works on bathrooms and kitchens during 2022/3. We have not seen evidence of procurement raising objections or concerns or indeed escalating the matter through appropriate channels. We have also seen evidence that legal were aware that work had been started prior to the Whole House Contract being signed but we have not seen any evidence that this was escalated further or that it triggered further scrutiny before signing.
- 14.57. We were told, in effect, that what could have happened, is that the service simply instructed the Contractor to carry out further work in order to get it done. Such an approach would be consistent with Officer A's evidence, in their investigation, that they were told, by the Joint Strategic Director for Transformation & Governance (Ian Doyle), to effectively spend what was needed. On the balance of probabilities, and on the evidence we have seen, we consider this may well have been what happened.
- 14.58. We are told that the invoices related to this would not be picked up by finance due to the systems issues highlighted above and the senior focus being on high level budgets as opposed to individual contracts. The evidence would suggest that this was also not

then escalated to, or noticed by, the Joint Strategic Director for Transformation & Governance (Ian Doyle) or Joint Strategic Director of Community and Wellbeing (Annie Righton) (or others), as their focus was on the high level HRA budget, and strategic issues, rather than specific contract spend (which they say was a legitimate approach given their roles and the financial governance issues). The issue relating to Officer A procuring the Contractor to install CCTV (18.9) would appear to support this proposition though it is notable that Annie Righton knew of this but did not consider it to be a red flag for the Contractor and the Whole House contract.

14.59. As detailed below in considering the 2022 Whistleblow, there do appear to be further red flags as to the Contractor (either themselves or through sub-contractors) operating outside of the EICR contract which were not noticed or followed up at the time.

15. The £24.5 million investment in Housing Maintenance in February 2022 (“2022 Investment”).

The Proposal

15.1. In February 2022, a request for a significant investment, of £24.5 million, in Housing maintenance was approved by Guildford as part of the Corporate Strategy for 2022/23-2026/27. This, we are told, effectively increased the housing maintenance budget from a previous year’s level of around £5million to £24.5 million.

15.2. The Joint Strategic Director, Transformation & Governance (Ian Doyle) told us that the Housing Special Projects Lead (Guildford) (Matt Gough) prepared the proposal for the investment increase. We are told he worked with the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) and the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) (and members of his team) in pulling together the relevant presentations and material to be included. We were told by the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) and the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) that the Housing Special Projects Lead (Guildford) (Matt Gough) also presented it to the various committees. The Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) told us that she assumed that discussions in the underlying figures would have taken place between the Housing Special Projects Lead (Guildford) (Matt Gough), the Joint Strategic Director, Transformation & Governance (Ian Doyle) and the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris). She said that her role was mainly to put the documents together.

15.3. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us that she, in effect, relied on the Housing Special Projects Lead (Guildford) (Matt Gough)’s justifications for the detail provided, together with work done by Savills. She said she also attended meetings with the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) and the finance specialist responsible for financial reporting. She told us that she reviewed the underlying spreadsheet model, used to produce the report, which was used by the finance team to reconcile the HRA annual budget and capital programme. She told us that she was also aware that the need for investment had also been highlighted by work done in relation to preparing the Council’s ‘30-year HRA Business Plan.

15.4. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us that this strategy was a project with the Housing Special Projects Lead (Guildford)

(Matt Gough), who is said to have used data from Guildford's Keystone asset management system to identify issues that needed remediation. This data, we are told, came from stock condition survey reports. The Housing Special Projects Lead (Guildford) (Matt Gough) also said that the 'Business Plan Refresh' was work initiated and overseen by Finance, and he provided data and information from the Technical Services team including data from Keystone. Almost all of this is hearsay evidence but does support a proposition that there were material issues with Guildford's housing stock that required significant investment to remedy.

- 15.5. The evidence we have seen tends to suggest that the investment proposal went through a number of committees before the full Council on 9 February 2022. This included the Joint Executive Advisory Board, the Corporate Governance and Standards Committee and Guildford's Executive in January 2022. The Corporate Governance and Standards Committee raised a specific issue as to whether the £24.5million spend was actually required in relation to replacing bathrooms, kitchens, and boilers when they may be in serviceable condition in any event. The evidence we have seen would tend to suggest that some, seemingly the Housing Special Projects Lead (Guildford) (Matt Gough), responded to persuade them that it was.
- 15.6. The Housing Special Projects Lead (Guildford) (Matt Gough) told us that the investment proposal was the ultimate reflection of work done by a number of people in relation to remedying the compliance issues that he said he raised with the Joint Strategic Director Transformation & Governance (Ian Doyle) on joining Guildford. He said this included further staffing resources such as an accountant and additional procurement officers and legal support. He also said that the Technical Services and compliance teams pulled the data and information together. He said the proposals were considered by the Joint Strategic Director Transformation & Governance (Ian Doyle) Claire Morris, the Chief Executive and CMT. He also recalled a short meeting with the Joint Chief Executive (Tom Horwood).
- 15.7. We have not seen any evidence however that there was any significant scrutiny of the basis for the amount, including the breakdown of how that was actually to be spent. We have also not seen evidence that would suggest that the Joint Strategic Director, Transformation & Governance (Ian Doyle) was materially involved in scrutinising the work relating to – and basis for - the investment proposal. He told us that, whilst he would have reviewed it and discussed it with the Housing Special Projects Lead (Guildford) (Matt Gough), he effectively left it to them and the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) to prepare the report and proposal.
- 15.8. The Solace Reviews have flagged that there is little detail behind the proposed investment proposal that went to Council. There is also only high-level detail in Appendix 3 of the report that went to Council which purports to set out details of proposed capital projects. Notably, this Appendix also appears only to be in draft format and, from what we have seen, appears to be in a different (less formal and structured) format than other proposed capital projects.
- 15.9. The above would not appear to be in accordance with the Finance Procedure Rules and the report behind the Capital Investment Strategy presented on 9 February 2022. Minutes from Guildford's meeting on 9 February 2022, which approved the investment, also refer to the report containing high level information. It also referred to further business cases for each individual project which would set out the detailed funding arrangements. We have not seen any evidence that such detailed business cases were ever prepared.

15.10. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us that she had a concern the investment was placed on the approved Capital Bids programme (meaning work could effectively start as of then) whereas she thought that it should have been approved as provisional – and then subject to further approval with additional business cases and detail. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) referred us to the approval process set out in the report that went to Guildford in support of the investment proposal.

15.11. We note from the Council's Financial Procedure Rules that the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris)'s description of process appeared to be correct (Capital Project/Scheme Approval Process and A.6.4 'Key Controls'). This requires capital projects to be first approved as provisional and then further business plans, detail and scrutiny applied before being formally approved and work able to start. The published decision of the Executive on 25 January 2022 also refers to the decision that the new bids in Appendix 2 to the Capital and Investment Strategy should be approved as 'provisional'.

15.12. We asked Democratic Services for clarity as to what happened (and what should have happened). They told us that: *'That recommendation was adopted by Council at the budget meeting (minute no. CO97), subject to an amendment to include an updated HRA resources statement (replacing Appendix 12), which was circulated at the meeting (see copy attached), which included nearly £49.9m in the approved programme for 2022-23. One could infer from that recommendation that, once adopted, the various bids (including the £24.5m for the housing maintenance programme in 2022-23) have been "approved" and are therefore on the approved list, notwithstanding paras 4.32 and 4.33 of Appendix 1. In retrospect, the wording of the recommendation could have been clearer to indicate that, unless expressly approved by Council, all the new bids are placed on the provisional programme pending approval of a business case by the Executive. To add to the confusion, the Housing Investment Programme 2020-21 to 2026-27: HRA Provisional Programme (Appendix 11 to the Capital & Investment Strategy report to Council – attached) does not appear to make any reference to the addition of the £24.5m, but the HRA Approved Programme (Appendix 10 to the Capital & Investment Strategy report to Council – also attached) provides a breakdown of the £49.9m, which includes £24.5m for major repairs and improvements'.*

15.13. The Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) told us the expectation was that the £24.5 million would have been added to the provisional programme but there appears to have been a mistake in the appendices of the report which she (and others) did not spot at the time.

15.14. The Councils might conclude that a failure to ensure this was clear, and to include this control mechanism, amounted to a significant failing.

16. The identification, by procurement, of an overspend on the EICR contract in December 2022 (the "Overspend email").

16.1. As mentioned above, we have not seen any evidence to suggest that there was any meaningful (or effective) monitoring of contract spend, by senior management or indeed anyone, on the EICR contract from 6 October 2021 onwards.

16.2. From the evidence that we have seen, the overspend on the EICR Contract was first raised in December 2022 by Procurement A after they ran a report on the spend with the Contractor and noticed that the spend on the EICR contract was for £9million (an

- overspend of £6.6million in just over 12 months into a 3 year £2.4million contract). Procurement A emailed Officer B on 7 December 2022 to flag this. They received no response, and we have seen no evidence that they followed this up with Officer B or Officer B's management.
- 16.3. Procurement A forwarded the email to Procurement B on 12 December 2022. At this time therefore both Procurement A and Procurement B were aware of the overspend but, on the evidence, we have seen, did not escalate it further. They have not been able to provide clear reasons why not.
- 16.4. Procurement A could not recall the reasons why they ran a spend report in the first place. We have however seen emails which Procurement A thought may have prompted it. In late November 2022, Officer C (who was also suspended in late 2023) asked for procurement's help to input two contractor details into Business World in order to raise invoices. Procurement identified there was no contract award for them hence they could not be put on the system.
- 16.5. One of these contractors was a sub-contractor of the Contractor. The email said they were doing EICR, fire, bathroom, and kitchen upgrade works. Procurement A asked Officer B for the projected spend, and as it was under £10,000, confirmed that they could be brought in by a direct award. This Contractor was also one of the companies cited in the 2022 Whistleblow, although these dots do not seem to have been connected.
- 16.6. As set out above we are told that there was no contract for the Contractor (or its sub-contractors) to work on bathroom and kitchen upgrade works at this time. The evidence we have seen tends to suggest that this was not, however, picked up by procurement despite it being around the same time as they identified a material overspend with the Contractor on the EICR contract. It was not, therefore, escalated further.
- 16.7. On 22 December 2022, Procurement B was also made aware of the 2022 Whistleblowing issue involving Officer B and the Contractor. They were asked to confirm if the procurement process for the two of the Contractor's sub-contractors (including the one cited above) was correctly followed and to confirm what they were contracted to carry out. We have not seen any evidence that Procurement B proactively raised the issue of the overspend to the investigator at the time. In an email to us they said that they did not take any further action as they assumed it would be picked up in the investigation process. Had they escalated the matter at that time it is possible that this may have affected the outcome of both the whistleblower investigation and the decision to award the whole house contract to the Contractor.
- 16.8. The 2022 Whistleblow report says procurement confirmed the sub-contractor was procured by a direct award. It goes on to say that there were issues with that process and procedure and that procurement had raised concerns as to the service area's approach. It reported, however, that the Council can be '*reasonably confident that due process has been followed*'. We note this language does not provide certainty that the process was followed. We also note that one of the interim reports recommended an audit was carried out into the procurement in light of concerns raised.
- 16.9. This would, however, therefore appear to be a missed opportunity by procurement to identify and formally escalate potential red flags in relation to the Contractor, their spend and the approach to procurement. It also appears to be a missed opportunity for the investigation to bottom out the concerns identified as to the approach to procurement by Officer B and their team.

16.10. We also note that, despite having the above knowledge, procurement did not raise the issues during the procurement of the Whole House Contract despite being personally involved (see section 20 below).

17. The 2022 whistleblowing issue relating to the Contractor and Officer B (“2022 Whistleblow”)

17.1. This concern was raised, by an email to the whistleblowing email address, in September 2022. The evidence suggests that the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) was not aware of the email address, and it had not been monitored, until the whistle-blower followed up.

17.2. We have not sought to re-investigate that matter. However, from our review of the report we are of the view that further investigation could, and perhaps, should have been continued in order to bottom out the issues rather than take a narrow focus. Our experience is that when faced with issues of potential fraud it is often useful to put together a working group of relevant stakeholders to ensure there is joined up thinking (including feeding matters back to operational teams). Whilst it would appear relevant stakeholders were spoken to, we have not seen evidence of a fully joined up approach co-ordinated across the various functions (for example, we have not seen evidence that the concerns regarding the Contractor were fed back to Guildford’s legal teams in such a manner that they were able to be taken into account in the Whole House contract process). This is what appears actually to have happened, later on, for the 2023 Concerns.

17.3. The evidence we have seen from that investigation, and the issues it raised, do on the balance of probabilities show that there was sufficient information obtained, and reported, to have raised specific concerns as to the activity of the Contractor and some Guildford staff in relation to maintenance spend and process. In particular, the investigation, and the report, flagged concerns re the procurement processes followed, the work being done and the amount of spend being incurred with the Contractor.

17.4. The 2022 Whistleblow raised specific allegations of fraudulent behaviour in relation to unnecessary works being done and duplication of invoices. It also raised that the Contractor were doing work on bathrooms and kitchens as it referred to a contract for bathrooms and kitchens being worth over £6million (which broadly matches the 2022 Overspend identified by procurement). As above we have not seen evidence that there was such a contract in place with the Contractor or that the EICR contract was amended in scope. This was, again, not a point that appears to have picked up by anyone involved at the time or linked back to procurement.

17.5. We do note that the investigation did not find proven fraudulent activity. We were also told that there were potential performance and/or health issues with the whistleblower themselves (again out of our scope). These are facts which appear to have meant that the issue was not considered as serious as it might otherwise have been. This, the evidence would tend to suggest, has then potentially influenced the focus, responses, and approach of senior management and CMB to the investigation report and issues with the Contractor.

17.6. The investigation also raised potential issues around the behaviour of officers which, when looked at in more detail following the 2023 Concerns led, as we understand it, to them leaving Guildford.

- 17.7. We have focussed on the reports, including draft reports, provided by the investigator. His updates and draft reports were reviewed by the Joint Strategic Director, Community and Wellbeing (Annie Righton) and the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) throughout the investigation to the submission of the final report to CMB. The final report was then reviewed by the CMB on 21 February 2023. The Joint Strategic Director, Community and Wellbeing (Annie Righton) told us that she was advised not to take any action until the investigator had completed his work. We note that there is also a documented action not to tell members about the issues at that time (we understand to protect the whistleblower).
- 17.8. The evidence would tend to show that, from the investigators updates and draft reports, the Joint Strategic Director, Community and Wellbeing (Annie Righton) and the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) were aware that there were material question marks as to the Technical Service team's compliance with procurement processes. There were also clear signs that there was a potential material spend with the Contractor - which the investigator recommended should be monitored further. There were also clear concerns raised as to the behaviour of Officer B – not least in their alleged treatment of the whistleblower. We have seen emails which show that the Joint Strategic Director, Community and Wellbeing (Annie Righton) had asked about terminating their contract, whilst the investigation was being carried out, and indicated that action needed to be taken against him but was seemingly persuaded by the Housing Special Projects Lead (Guildford) (Matt Gough) to retain his services. Discussions about Officer B's conduct continued into at least April 2023.
- 17.9. The Housing Special Projects Lead (Guildford) (Matt Gough) denies this. He said he had no role in relation to the 2022 Whistleblow, other than supporting the whistleblower due to the nature of his role and not having any involvement in the team. He said that the Joint Strategic Director, Community and Wellbeing (Annie Righton) told him she had too many other things on to take action against Officer B, and she would pick it up with the Joint Executive Head of Housing (Andrew Smith). He also said that he had explained that the role would be ending 'soon' and that that would provide an opportunity to terminate the contract. He said he was not aware of wider concerns. This, and the emails we have seen would tend to suggest that he did have input into Officer B staying on at this time. We have seen a contemporaneous email from the Joint Strategic Director of Community and Wellbeing (Annie Righton) which specifically says that she has discussed Officer B with him (in general terms) and that the Housing Special Projects Lead (Guildford) (Matt Gough) has told her that *'he believes it is essential that we keep [Officer B] at the moment'*.
- 17.10. The Housing Special Projects Lead (Guildford) (Matt Gough) told us that the Joint Executive Head of Environment (Chris Wheeler) was responsible for the Technical Services team at the time of the issues. He did say that he was advised by the Joint Strategic Director, Community and Wellbeing (Annie Righton) that it had raised a 'number of issues' and he was asked to work with the whistleblower's return to work plan (he says this was because he was, effectively independent, as he was not involved in the issues or the management of the service at the time). He says that the only work he was asked to in relation to the Whistleblowing was to update Annie on the Whistleblower's return to work.

- 17.11. The evidence we have seen however, would tend to suggest that the Housing Special Projects Lead (Guildford) (Matt Gough) was potentially more involved than his recollections would suggest. We have seen emails, for example, from Officer B to him which he shares with the Joint Strategic Director of Community and Wellbeing (Annie Righton) where he says he is aware of the investigation and asked her for her thoughts on a number of issues. The investigator also states, in an interim report, that he was one of those interviewed and we have seen emails where he has provided data in response to questions. He is also sent the follow up actions in March 2023 and is involved in emails about them.
- 17.12. Separately, we note there is a material difference between draft reports provided by the investigator and the report seen by the CMB on 21 February 2023. The investigator reported in updates and in a draft report to the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) and the Joint Strategic Director, Community and Wellbeing (Annie Righton) in January 2023, for example, that the average cost of voids in Guildford was £32,000 as opposed to under £4,000 in Waverley. This seems to have been removed before the final report to CMB.
- 17.13. We do not know why this was taken out and it seemed to us hard to understand given that it should have been seen as a significant red flag in the context of a potential fraud and the identification of a high spend with the Contractor. Neither the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) or the Joint Strategic Director, Community and Wellbeing (Annie Righton) could provide any material insight into this (she said she had no involvement in the amendment and the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) had responsibility as the Monitoring Officer under the whistleblowing policy).
- 17.14. Notably, we were given evidence that the difference in approach to voids between the two Councils, and potential problems with Guildford's void process, was a known issue already. The Joint Strategic Director, Community and Wellbeing (Annie Righton) told us that she had picked this up earlier in her role and '*alerted*' the Joint Executive Head of Housing (Andrew Smith) and the Housing Special Projects Lead (Guildford) (Matt Gough) and it was being investigated and worked on. She also said that the (historic) lack of maintenance on Guildford Housing would account for some of the cost difference.
- 17.15. The Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) told us that he did not recall the specifics but he suspected that if the initial allegations did not include an allegation about the cost of voids, then it may have been removed from the report (which would seem to be supported by his recommendation that voids would be looked at separately from the whistle blow). He said that his expectation would be that the Joint Strategic Director, Community and Wellbeing (Annie Righton) would lead on any matters that arose which were outside the scope of the whistleblower's allegations (voids are outside of our scope and we have not looked into the issue further).
- 17.16. The Joint Strategic Director, Community and Wellbeing (Annie Righton) saw these earlier reports. She did not know why it was not reported to the CMB. We consider that it could even have been seen as a red flag in and of itself but we note however that issues with voids do appear to have been a known issue being looked at separately and outside of the whistleblowing process and voids were not an issue specifically raised by the whistleblower, and seemingly raised by the Joint Strategic Director, Community and Wellbeing (Annie Righton).

- 17.17. The Joint Strategic Director, Place (Dawn Hudd) told us that she had not been aware of the difference in relation to the voids issue, from the CMB papers. Dawn Hudd told us in response to sight of a draft of this report that she was at *'arm's length throughout the incident and ongoing investigations'* and we do note that it was not her specific area of responsibility.
- 17.18. The report was taken to, and discussed by, the CMB on 21 February 2023. We have seen an email from the Joint Chief Executive (Tom Horwood) summarising the discussion. We have not, however, seen formal minutes. This email makes a number of recommendations. The Joint Chief Executive (Tom Horwood) and the CMB delegated these to other senior members of staff. These do include the suggestion that there is a review of best value implications. We have not, however seen evidence that there was a material follow up in relation to either the spend on the Contractor or the procurement concerns. There does not appear to be a record on the CMB tracker and we have not seen reference to a follow up in the CMB minutes that we have reviewed. On the balance of probabilities on the evidence we have seen, and, in particular, in light of the award of the Whole House Contract, we do not consider that there was an effective and material follow up to the concerns on spend and the Contractor.
- 17.19. The Joint Strategic Director, Transformation & Governance (Ian Doyle) said this would have been for the Joint Strategic Director, Community and Wellbeing (Annie Righton) to manage with the Joint Executive Head of Housing (Andrew Smith). The Joint Strategic Director, Community and Wellbeing (Annie Righton) said that she did not recall why it was not specifically followed up but that she did push for action points to be concluded – including with the Joint Executive Head of Housing (Andrew Smith). In respect of the concerns re the spend on the Contractor we consider this to be a potentially considerable failing, particularly by the Joint Executive Head of Housing (Andrew Smith) and then the Joint Strategic Director, Transformation & Governance (Ian Doyle), and the Joint Strategic Director, Community and Wellbeing (Annie Righton) in not ensuring that the spend on the Contractor was properly scrutinised. She told us, in response to a draft of this report, that she believed the Housing service thought that the issues relating to the cost of contractors, and void lengths, would be reduced by the Whole House contract.
- 17.20. Even if such a follow up piece of work was done, and the recommendation followed, it does appear, on the evidence we have seen and the balance of probabilities, that no effective steps had been taken by the time of the 2023 Concerns, and no linked concerns were raised in relation to the Contractor being awarded the Whole House Contract shortly afterwards.
- 17.21. We have also not seen evidence that the 2022 Whistleblow was raised to members as a material issue. Witnesses told us that it would have been mentioned in 1-1s, and Cllr McShane recalled only being given high level details, by the Joint Strategic Director, Community and Wellbeing (Annie Righton) that there had been an issue being looked at but nothing more. The CMB report does raise the question of reporting to members and the Joint Chief Executive (Tom Horwood)'s email does document that the whistleblowing policy states a report may be made to members if appropriate – and has an action point that CMB will consider who, and to whom, they will report in two weeks' time (following the action points). The Joint Strategic Director, Community and Wellbeing (Annie Righton) said it would be for the Monitoring Officer to take forward. We have not seen evidence that this was considered again or done and on the balance of probabilities it does not seem that it was done or done to a material extent. The Joint Executive Head

- of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) said he did not think it was reported to members.
- 17.22. We have not interviewed the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) and he declined to answer written questions. He did however tell us, in response to a draft of this report, that he did not have specific recollection of any issues with the Contractor's contract. We have seen emails which suggest he was given a high-level overview only of the 2022 Whistleblowing allegations prior to the CMB report on 21 February 2023. From the evidence we have seen it would appear that the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) was primarily focused on the wider (critical) financial issues that Guildford had discovered at the time and higher-level budget issues.
- 17.23. The proposition in the above paragraph accords with the evidence of both the Joint Strategic Director, Community and Wellbeing (Annie Righton) and the Joint Strategic Director, Transformation & Governance (Ian Doyle). They told us of the amount of work the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) was undertaking on this front and their evidence was that the focus remained on the overall (serious) financial position of Guildford, and concerns re the reserves especially, as opposed to the granularity of contract spend on the HRA account.
- 17.24. We note that the Joint Strategic Director, Transformation & Governance (Ian Doyle) was the Joint Strategic Director of the Councils and the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) reported to him. Given the overall picture created by the evidence we have seen, it might be considered that the Joint Strategic Director, Transformation & Governance (Ian Doyle) may have been in a better position to pull together the relevant strands at the time and to raise them with the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) and others.
- 17.25. That said, the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) was the statutory section 151 officer with the finance team reporting to him. The Joint Strategic Director, Community and Wellbeing (Annie Righton) said that the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) had produced a financial report which outlined the financial failings, shortly after he took office, drafts of which were 'very blunt'. As these relate to overall governance, we have not reviewed these reports. This evidence however does tend to further support a proposition that there were known, material, financial governance issues which could have played a part in enabling the issues that led to the issues behind the Police Investigation taking place. We have not seen material evidence to support a proposition that this knowledge, however, triggered any material concern into the management of the Contractor and the procurement of the Whole House Contract.
- 17.26. We note however that neither the Joint Strategic Director, Transformation & Governance (Ian Doyle) nor the Joint Strategic Director, Community and Wellbeing (Annie Righton), have sought to allocate any material responsibility to the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers). We do note, however, that his approach has been criticised (criticism re reciprocates) by the Director of Resources and Chief Finance Officer (Guildford) (Claire Morris) and the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold), whilst the Joint Strategic Community and Wellbeing (Annie Righton) told us that the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) appeared to have more insight in granular issues due to her long employment with Guildford.

- 17.27. Taken with the rest of the report we consider that, on the balance of probabilities and on the evidence we have seen, the report from the 2022 Whistleblowing highlighted a number of red flags which could, and perhaps should, have been picked up, and linked together, by the Joint Strategic Director, Community and Wellbeing (Annie Righton) (as the relevant Joint Strategic Director in post), the Joint Strategic Director, Transformation & Governance (Ian Doyle) (given his prior role), the Joint Chief Executive (Tom Horwood) as the CMB Chair, and the CMB as a whole with Joint Executive Head of Housing (Andrew Smith) taking responsibility as the Executive Head of Housing (under the management of Joint Strategic Director, Community and Wellbeing (Annie Righton).
- 17.28. A key aspect of this consideration is that the 2022 Whistleblow appears, on the evidence we have seen and balance of probabilities, to have been considered in isolation without consideration of other potentially relevant factors which include the red flags highlighted in this report. This could be seen as the evidence suggesting, and on the balance of probabilities we consider that it does suggest, that there was a potential collective failure from the CMB to take an opportunity to fully bottom out the concerns and the red flags identified.
- 17.29. Indeed, we have seen an email from the Joint Executive Head of Housing (Andrew Smith) to the Joint Strategic Director, Community and Wellbeing (Annie Righton) and Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix), to say that he thought the investigation would uncover many issues and open the door for a '*root and branch review of technical services*'. This does not appear to have happened and as Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) told us, the focus remained on the scope of the specific whistleblowing and following the whistleblowing policy.
- 17.30. We have also seen evidence that, in early November, Joint Strategic Director, Community and Wellbeing (Annie Righton) also referred to the 2022 Whistleblow as being the third similar complaint she had received in relation to the Technical Services team. The Joint Strategic Director, Community and Wellbeing (Annie Righton) told us, however, that these points actually related to separate matters relating to refuse issues and to the crematorium (which are outside of our scope). We have seen evidence of a number of complaints being raised as to the work and service delivery of the Contractor (and others) although Annie Righton told us this was not unusual with maintenance and building work (and there were also compliments). As a further issue of note we saw during the document review, emails show that in December 2022 (at the same time as the investigation was ongoing) Joint Strategic Director, Community and Wellbeing (Annie Righton), and the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) approved Officer B's team receiving two gift hampers from the Contractor. The Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) told us it was not unusual for staff to receive gifts around Christmas and that the relevant policy would have been considered and applied.

18. The procurement process relating to, and the award of, the Whole House contract with the Contractor in February/June 2023 ("Whole House Contract")

Initial engagement with the service

- 18.1. The evidence we have seen would tend to show that Housing Special Projects Lead (Guildford) (Matt Gough) met with the Joint Strategic Director, Community and

Wellbeing (Annie Righton) in early February to discuss further procurement requirements which included the Whole House contract proposal. The Housing Special Projects Lead (Guildford) (Matt Gough) told us that he had no involvement in either developing the procurement plan or the approach to be taken. He said this was all done with Officer A, the Joint Executive Head of Environment (Chris Wheeler) and the Joint Executive Head of Housing (Andrew Smith). He said that he was aware of a procurement plan, drafted by Officer A, which he seems to suggest, he simply sent on to the Joint Strategic Director, Community and Wellbeing (Annie Righton). The Housing Special Projects Lead (Guildford) (Matt Gough) said that he did not meet with the Joint Strategic Director, Community and Wellbeing (Annie Righton) about the actual procurement process and had no part in either discussions or in the decision. He did say, however, that there seemed to be a lack of understanding or clarity around the procurement process to be followed.

- 18.2. The Housing Special Projects Lead (Guildford) (Matt Gough) told us that his only involvement with Annie Righton had been in discussions about Guildford staff (Officer A and Officer B) supporting Waverley with housing issues and he also said he had recommended a proposed audit into aspect of the Technical Services team's work. However, the Joint Strategic Director, Community and Wellbeing (Annie Righton) 's recollection is that he was more directly involved.
- 18.3. In that regard, we have seen an email exchange between the Joint Strategic Director, Community and Wellbeing (Annie Righton) and Housing Special Projects Lead (Guildford) (Matt Gough) on 8 February 2023 with a summary of the proposal of the plan to procure the Whole House Contract for one supplier and the urgent need to do so. In these emails Joint Strategic Director, Community and Wellbeing (Annie Righton) also flagged to the Housing Special Projects Lead (Guildford) (Matt Gough) that the EPB had raised Officer B asking for procurement exemptions and she wanted to discuss these with him. We have seen evidence of issues where the CPB and/or procurement had flagged non-compliant procurement awards involving Officer B (as cited by Procurement A above). We have also seen evidence of messages between Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) and Housing Special Projects Lead (Guildford) (Matt Gough) about the procurement process.
- 18.4. The specifics of other procurement matters are outside of our scope, but the evidence would tend to suggest that steps were taken, with procurement support, to provide exemptions where required. A key point for our review is that we have not seen evidence to suggest that these procurement process concerns were sufficient for the Joint Strategic Director, Community and Wellbeing (Annie Righton), and others, to apply further scrutiny on the Whole House Contract proposal and approach, and/or the engagement of the Contractor, other than relying on individuals such as the Housing Special Projects Lead (Guildford) (Matt Gough).
- 18.5. The proposal put forward by the Housing Special Projects Lead (Guildford) (Matt Gough) appears to be at a high level without detail as to the process that would be followed, who was being considered and what the specific spend would be. We have also seen Officer B using this document in engaging with procurement. Evidence we have seen suggests that the Joint Strategic Director, Community and Wellbeing (Annie Righton) asked the Housing Special Projects Lead (Guildford) (Matt Gough) for a high-level summary of the detail and was satisfied with the response from him. The evidence given by the Joint Strategic Director, Community and Wellbeing (Annie Righton) was that she also met with the Housing Special Projects Lead (Guildford) (Matt Gough) and his

team before the contract was signed to discuss the tender outcome. The Housing Special Projects Lead (Guildford) (Matt Gough) said in his written responses that he did not attend a meeting about the Whole House Contract. We do not consider it necessary to resolve this conflict of evidence.

- 18.6. The Joint Strategic Director, Community and Wellbeing (Annie Righton) told us that the proposal made sense – particularly with the known concerns as to the length of time it took to deal with voids. She said that it would also have been discussed with the Council Leader at the time (Cllr McShane recalled being given high level details). She also thought it had been discussed at Executive as well. She said that the Joint Executive Head of Housing (Andrew Smith) would also have been involved.
- 18.7. She told us that as the 2022 Whistleblow did not identify any fraud, she did not have any reason to think that there was a problem. She further told us that she did not think that there was any evidence to suggest that anyone had a reason to think there was a problem.
- 18.8. We have not seen evidence that the Joint Strategic Director, Community and Wellbeing (Annie Righton) had any material concerns or considered the procurement to be of any specific risk and therefore fully and materially scrutinised the detail. On her own evidence, she did not raise any material concerns, and we so find. This is despite the procurement taking place at the same time as the investigation into the 2022 Whistleblow, which raised concerns as to the relevant area's approach to procurement, and also as to the amount of spend with the Contractor.
- 18.9. Whilst it is outside of our scope, we are aware that, in March 2023, concerns were raised with Officer A and Officer B (and the Housing Special Projects Lead (Guildford) (Matt Gough) in copy) as to the procurement of CCTV installation at Guildford's premises. The Joint Strategic Director, Community and Wellbeing (Annie Righton) told us that she raised the CCTV spend as she had data protection concerns. She said that there was a discussion as to which budget it should be allocated to and the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) advised. This would suggest that she was able, and willing, to get involved in operational matters directly where she thought that there was a material concern.
- 18.10. The Joint Strategic Director, Community and Wellbeing (Annie Righton) said that they identified in March 2023, identified that the Contractor had been procured to install the CCTV. Officer A, by email, confirmed that there was not a specific budget, they had used a different budget, and had not followed a separate procurement process – as she had used the EICR contract and framework. Officer A also told the Joint Strategic Director, Community and Wellbeing (Annie Righton) that the EICR had a value of £5million, which was not correct. This could, and should, have been another alert to the Joint Strategic Director, Community and Wellbeing (Annie Righton) (and finance) as to the use of the Contractor, work being done outside of contracts, and the conduct of the Technical Services team in relation to spending and procurement. The Joint Strategic Director of Community and Wellbeing (Annie Righton) told us she was not aware that it had been procured under the EICR contract or the contract value (despite the fact this had been set out in an email to her).

Procurement process

- 18.11. The service and Officer B then, following the Joint Strategic Director, Community and Wellbeing (Annie Righton)'s approval, engaged with procurement to start the

- process. They were supported by a procurement specialist who, we understand, was relatively junior. As with the EICR contract, a framework was used.
- 18.12. The evidence we have seen would then tend to show that again, Officer B was pushing for the contract to be awarded as a matter of urgency. This would seem to be a similar pattern as for the EICR Contract.
- 18.13. On the basis of the open correspondence we have seen, what we can say is that it appears Officer B arranged for a decision, in the Joint Strategic Director, Community and Wellbeing (Annie Righton)'s name, to be published on 1 March 2023 to enter into the Whole House contract. The Joint Strategic Director of Community and Wellbeing (Annie Righton) said she may have missed this given the duplicate email systems. This did not follow the required processes or (as we understand them) the statutory requirements for a key decision. It was not placed on the Forward Plan and did not follow the correct procurement process. CPB approval had also not been sought. This was despite the involvement of a procurement specialist in the process.
- 18.14. Advice was then taken from Legal and Democratic Services as to the correct process (we note as well that the same issue appears to have also been the case on the proposal for a gas servicing and repairs contract).
- 18.15. Following this the evidence then tends to show that the special urgency process was not used, but that the process instead went through a mini-tender exercise. The documents we have seen suggest that this was in fact the initial intention from the summary the Housing Special Projects Lead (Guildford) (Matt Gough) provided to the Joint Strategic Director, Community and Wellbeing (Annie Righton), but the special urgency notice was pushed by Officer B, either due to a misunderstanding of, or because they were seeking to expedite, the process. Further, correct, decision notices were then – ultimately - published in the Joint Strategic Director, Community and Wellbeing (Annie Righton)'s name.
- 18.16. The Technical Services team's intended approach, therefore, appears to be similar to the process for the EICR Contract and to the concerns raised in the 2022 Whistleblow report.
- 18.17. The evidence then shows that Procurement A became involved (in Procurement B's absence) as part of the CPB approval process. On 1 March 2023 they raised concerns with the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) (as Procurement B's line manager) as to the process. They told us they felt that awarding a £15million contract without a proper, full, tender was a concern. They also told us that it was particularly so given the reputation and history of one individual officer in the Technical Services team. In their email to the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) they referred to it as being a '*officer* *Special*'.
- 18.18. Procurement A also told us that they did not '*trust*' that officer and their approach to procurement as they had a reputation for not following procurement processes. Procurement A also told us that they had, around that time, had robust dealings with that officer about another procurement issue where the correct procurement process had not been followed. We understand this was a matter which the CPB had not approved.
- 18.19. Procurement A also told us that they raised concerns to Procurement B about the capability of the incumbent procurement advisor leading on it given their concerns. Procurement A told us that they raised questions with the procurement advisor and the officer concerned around the process, and rationale, which were being followed as it was very short and indicated a preferred outcome.

- 18.20. We pushed Procurement A on why, given their concerns as to the process and individuals concerned, they did not escalate further. They said they had escalated to the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold). They said that Procurement B then took over and they was not involved. They also said that, at the time, procurement did not have any 'teeth' and the Council's culture did not enable challenge spend. They said that the Council's culture was different now and they would be able to approach Directors (such as the Joint Executive Director, Finance and Resources and Chief Finance Officer (Richard Bates)) more openly, but this might have been '*career limiting*' at the time.
- 18.21. The Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) could not however recall exactly what Procurement A's concerns were. We have seen an MS Teams message from the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) raising the concern to the Joint Strategic Director, Community and Wellbeing (Annie Righton) on 2 March 2023, and a response (by email) from the Joint Strategic Director, Community and Wellbeing (Annie Righton) thanking her for doing so but explaining she had spoken to the Housing Special Projects Lead (Guildford) (Matt Gough) and has cleared the contract to go ahead (together with two others). In this email she said that she was not aware of the overall value but that the Whole House Contract '*is likely to have some considerable cost*'. We have also seen a message from Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) to the Housing Special Projects Lead (Guildford) (Matt Gough).
- 18.22. Procurement B then provided the remaining senior procurement support. We asked Procurement B for specific confirmation that the procurement process for Whole House contract was compliant. Documents provided by them indicate that the CPB signed off on the Whole House Contract procurement in March 2023 and it is on the CPB agenda for 28 April 2023. A Whole House contract Procurement Gateway report, that we have seen, states that Procurement B gave approval on 25 February 2023, finance gave their approval on 27 February 2023 and legal gave their approval on 13 March 2023. We have also seen emails where the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) provides her approval to specific financial questions around pricing.
- 18.23. The Joint Strategic Director, Community and Wellbeing (Annie Righton) told us that she discussed the procurement process followed with procurement who gave her comfort that it had been appropriate. She told us that there was nothing further she felt she could have therefore done. The Councils may wish to consider what level of scrutiny they expect their leaders to apply given the number of potential failures in process and missed red flags highlighted by this investigation.
- 18.24. We have also seen emails with housing complaints being raised concerning the Contractor. We have seen one exchange, for example, between Councillor McShane and the Joint Strategic Director, Community and Wellbeing (Annie Righton) (the Joint Chief Executive (Tom Horwood) in copy), in late February 2023 (shortly after the CMB saw the 2023 Whistleblow report), with a complaint about a new kitchen being fitted. Councillor McShane asks who the Contractor are and how the decision was taken to contract the work to them. Whilst not a specific strand we have investigated it does provide another example of the Contractor being a known name, with potentially material service issues, around the time of the procurement of the Whole House Contract.

Whole House Contract Selection Panel

- 18.25. The evidence we have seen tends to suggest that the Joint Strategic Director, Community and Wellbeing (Annie Righton) and others were either not alive to, or did not realise the potential significance, of the specifics of the tender exercise being run. In particular, the Joint Strategic Director, Community and Wellbeing (Annie Righton) told us that she did not appreciate that the 3-person panel selecting the winning tender was actually made up of Officer B, Officer D, and another contractor in the team (whose contract was also terminated in September 2023). She told us, following conversations with the Housing Special Projects Lead (Guildford) (Matt Gough), Officer A and Officer B, that she was under the impression that Officer B had not been on the panel. The CPB Gateway report we have seen, however, clearly sets out that Officer B was on the panel with Officer D and one other.
- 18.26. We have not seen any evidence that any panel member declared a conflict of interest in being on the selection panel. Nor have we seen any evidence that steps were taken to ensure that the panel was able to provide an objective analysis of the scores (in email correspondence after his contract terminated Officer B does say that they did not score the Contractor the highest in the tender process). The panel went on to decide to appoint the Contractor.

Whole House Contract Red Flags

- 18.27. On the evidence we have seen, and on the balance of probabilities, we consider that there were further red flags which could, and should have, been picked up by those involved with the Whole House Contract procurement process. The evidence also tends to support a proposition that the Joint Strategic Director, Community and Wellbeing (Annie Righton), finance and procurement, could have, and perhaps should have, noticed the following red flags:
- 18.27.1. Officer B had a reputation in relation to compliance with procurement processes.
- 18.27.2. There had been governance failings in the initial stages of the procurement process and there were attempts to push through a contract for a material value in a short and urgent time frame.
- 18.27.3. Procurement and finance had raised concerns with her as to the procurement and approach.
- 18.27.4. Procurement was aware of the 2022 Overspend (but did not flag it).
- 18.27.5. The Joint Strategic Director, Community and Wellbeing (Annie Righton) knew that the Contractor, and Officer B, had been the subject of the 2022 Whistleblow and that the outcome of that was to recommend monitoring of the Contractor's contract spend, to identify concerns around procurement, and to raise concerns as to Officer B's behaviour
- 18.27.6. Procurement B was also aware of the 2022 Whistleblow and the concerns raised.
- 18.27.7. The Joint Strategic Director, Community and Wellbeing (Annie Righton) and the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) were aware of both the Contractor installing CCTV using off contract spot purchases.

19. The 2023 concerns relating to the Contractor (“2023 Concerns”)

- 19.1. This followed an email from the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) on 27 June 2023 to the Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale), the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) and the Joint Strategic Director, Transformation & Governance (Ian Doyle) in which she flagged what was termed ‘significant’ spend with the Contractor and a spend of nearly £19million from 2021/22. She also flagged that the spend was occurring in Orchard – not Business World. She confirmed that she had also raised it to legal and Procurement B on the CPB. The Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale) followed up to ask further questions and also sent an email to the Joint Chief Executive (Tom Horwood). He replied to say that he was only aware of the Contractor in relation to separate issues relating to North Downs Housing (outside of our scope). This is despite the Contractor being a key issue in the 2022 Whistleblow reviewed by the CMB 4 months earlier (prior to the Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale) being in post).
- 19.2. We understand from interviews that the Contractor spend was flagged to the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) via her direct reports and she had a discussion with Procurement A and Procurement B. The witnesses were vague as to when this discussion happened but it appears likely that it was around the time of the 2023 Concerns email.
- 19.3. The Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold)’s email also says that she believed the Joint Strategic Director, Community and Wellbeing (Annie Righton) was aware of this. The Joint Strategic Director, Community and Wellbeing (Annie Righton)’s evidence was that she was aware of the spot purchasing issue in relation to the CCTV contract discussed above but not of a wider material overspend. The evidence re the CCTV issues would tend to suggest that, alongside the red flags cited earlier, the Joint Strategic Director, Community and Wellbeing (Annie Righton) was also aware of potential issues with the Contractor being procured for services outside of contract from early March. This is when she had conversations and emails, about the CCTV, with the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold), Joint Executive Head of Environment (Chris Wheeler), Officer A and Officer B (with the Housing Special Projects Lead (Guildford) (Matt Gough) copied in).
- 19.4. The Joint Strategic Director, Transformation & Governance (Ian Doyle) told us that he had also spoken to the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold), as she mentioned it to him and the Joint Executive Head of Finance and Chief Finance Officer (Peter Vickers) and it was on the back of this that he told her to raise it to the Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale). He told us that he instigated the issues being raised formally which led to the investigations taking place. It is not clear however whether he had this conversation before or after the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) sent her email or why he told her to raise it with Susan Sale when he had overall responsibility for both finance and procurement.

- 19.5. The 2023 Concerns then appear to be the catalyst for the Councils to look further into the potential overspend, which in turn lead to a number of whistleblowers coming forward, the Wider Reviews and our investigation. We note that this is a material difference in outcome to the previous issues raised and consider that, on the balance of probabilities, it demonstrates what could have happened had the red flags identified been treated seriously and linked together at an earlier stage.
- 19.6. From our document review we are aware of material amounts of work which then went into identifying what the issue was in relation to the spend with the Contractor. The Joint Strategic Director, Community and Wellbeing (Annie Righton) told us that she worked on these issues '*intensively*' once she became aware of them. A working group was set up and many strands of investigation were followed up. We have not looked into this work in detail (not least because of timing and budget) and note that much of the correspondence could be legally privileged.
- 19.7. We do, however, note from the evidence we do have that the process appears to have been driven by the Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale). The Solace Reviews support this view. The Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale) told us that when she joined, she had a handover with the Joint Executive Head of Legal and Democratic Services (interim) and Monitoring Officer (Stephen Rix) and he told her about the 2022 Whistleblow and that it was closed.
- 19.8. The Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale) told us that she was then '*frustrated*' by the lack of response from the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) as to the Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale)'s questions in response to the 2023 Concerns email. As a result, she raised it with the Joint Strategic Director, Transformation & Governance (Ian Doyle) as she thought it was a red flag and was of concern. The Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale) told us that the Joint Strategic Director, Transformation & Governance (Ian Doyle) did not tell her any detail as to the earlier concerns raised or his involvement with the Contractor and she felt that he was not taking the 2023 Concerns email seriously. The Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale) also told us that the Joint Strategic Director, Community and Wellbeing (Annie Righton) also didn't flag details as to the Whole House Contract or other concerns raised at the time. On gathering further information, however, (such as details of contracts) she could see there was a material overspend and an issue. Further issues were also identified through other officers, considered as whistleblowers, about specific properties where there were concerns about the work being done.
- 19.9. The Joint Strategic Director, Transformation & Governance (Ian Doyle) told us he did not have a '*casual approach*' to the issue and that he actively instructed the Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) to raise the issue. He told us that formal action only commenced because of his '*intervention*'. He told us that this was material and that his actions in raising this should be noted, as otherwise he felt he was unfairly painted in a poor light. Lead Finance Specialist/Deputy Chief Finance Officer (Guildford) (Victoria Worsfold) told us that she took it to the monitoring officer as she had not heard anything further.
- 19.10. The Joint Strategic Director, Community and Wellbeing (Annie Righton) also told us that she supported the Joint Strategic Director, Legal & Democratic Services and

Monitoring Officer (Susan Sale) – extensively- with the investigatory work whilst the Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale) had made it very clear that whistleblowing issue was ‘her domain’. The Joint Strategic Director, Legal & Democratic Services and Monitoring Officer (Susan Sale)’s evidence, and the Solace Reviews do not, however, support their accounts.

19.11. The evidence we have seen is that the 2023 Concerns were a material red flag that were acted upon and further deeper dives were done in relation to the concerns raised.

19.12. The outcome of the further investigations into the 2023 Concerns do, therefore, highlight what could have happened at an earlier stage had the red flags identified been acted upon by the Guildford’s senior management in place at the relevant times.

APPENDICES

Appendix 1 – Solace Reviews

Appendix 2 – Relevant rules and processes

Appendix 3 – KPMG report January 2023

Appendix 4 – The Joint Chief Executive (Tom Horwood’s) notes of the CMB meeting 21 February 2023

Appendix 5 – Job Descriptions

Appendix 6 – Transcripts and responses to written questions

Appendix 7 – Responses during Maxwellisation

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CONTACT THE COUNCIL AND SEE OUR ACCESSIBILITY STATEMENT

Guildford Borough Council

Report to:	Full Council
Date:	3 December 2024
Ward(s) affected:	All
Report of Director of:	Pedro Wrobel, Chief Executive
Report Author:	Pedro Wrobel
Email:	Pedro.Wrobel@guildford.gov.uk
Lead Executive Member:	Cllr Julia McShane
Email:	Julia.McShane@guildford.gov.uk
Status:	Open
Key decision:	No

Improvement Plan – 6-month progress update

1. Executive Summary

- 1.1 On 23 July 2024, Council endorsed the report on the SOLACE governance reviews and the Improvement Plan. The Improvement Plan aims to address the recommendations from the reviews and achieve our outcome of meeting our Best Value duty and becoming a well-managed and resilient council. One of the recommendations of the SOLACE report, agreed by Council as part of the Improvement Plan, is that Full Council should receive an update, every six months.
- 1.2 This report is the first of these six-monthly updates. It summarises the activities and achievements of our first six months of Guildford Borough Council's Improvement Plan. It is presented to Council alongside the first assessment from the Independent Assurance Panel (see Appendix 3).
- 1.3 The Council remains committed to delivering the Improvement Plan and becoming a resilient and well-managed council for our residents, communities, businesses, and staff.

- 1.4 The Council has made significant progress against the Improvement Plan over the last 6 months. In particular, clear direction has been established through the Corporate Strategy and Values; financial monitoring has improved, and the Council closed its accounts on time for the first time in recent years. Financial planning is underway and aligned to our strategic objectives. Progress has been made in improving governance with numerous revised policies and procedures. The Housing service has strengthened their compliance with Financial and Procurement rules and have increased their engagement and work with the Tenant Engagement Group. There has been progress in improving our culture and service delivery and the staff survey should give us more information to work with. Section 7 set out this progress in more detail.
- 1.5 Whilst progress has been made in the first six months, the Council's aim of delivering the Improvement Plan and meeting our statutory duty to deliver Best Value requires continued effort, dedication and collaboration from both Members and Officers. The Council recognises there is more to do to improve our operations, governance and culture, and deliver the high-quality services that our communities, tenants and businesses deserve. The Improvement Plan takes a risk-based approach, recognising we cannot deliver all the actions at once. The actions and timescales within the Improvement Plan are reviewed regularly to ensure it reflects the Council's priorities and the Council has sought the support from the Independent Assurance Panel on this prioritisation.
- 1.6 The Independent Assurance Panel is playing a critical role in monitoring and advising on these efforts, ensuring that Council has visibility and assurance on its journey of improvement. The Council is grateful for the support the Independent Assurance Panel has given in the first six months of the delivery of the Improvement Plan and welcomes their independent assessment on the Council's progress.

2. Recommendation to Council

That the Council resolves:

- 2.1 To note the progress made in the first six months of Guildford's Improvement Plan.
- 2.2 To refer this report to Overview and Scrutiny - Resources, for the purpose of reviewing the report and the progress being made with the delivery of the Improvement Plan.

3. Reasons for Recommendations

- 3.1 Monitoring delivery is central to provide assurance on the progress being made by the Council against its Improvement Plan, and that we are fulfilling our statutory duty to deliver Best Value.
- 3.2 Scrutiny of the Improvement Plan demonstrates transparency and good governance.

4. Status of Report

- 4.1 No parts of this report are exempt from publication.

5. Strategic Priorities

- 5.1 The Improvement Plan supports the Council's Corporate Strategy 2024-2034 by contributing to the Corporate Priority: *Priority 5: A resilient and well-managed council.*
- 5.2 By delivering our Improvement Plan, the Council is developing an improved governance framework, culture and operations and is the key strategic work programme for the delivery of the outcome: *The Council has delivered its Corporate Improvement Plan and is consistently and effectively meeting its statutory duty to deliver Best Value.*

6. Background

- 6.1 On 23 July 2024, Council endorsed the report on the SOLACE governance reviews and the Improvement Plan which aims to address the recommendations from the reviews and achieve our outcome of meeting our Best Value duty and becoming a well-managed and resilient council.
- 6.2 The Improvement Plan has six objectives, and the actions contribute to delivery of these objectives. These are Strategic Direction, Value for Money, Governance, Culture, Service Delivery, and Housing. Within the Housing objective, there is a linked improvement plan focused on addressing the Housing recommendations within the SOLACE Governance Review of the Housing Landlord function.
- 6.3 In July 2024, Council also agreed to appoint an Independent Assurance Panel for three years to monitor the Council's progress and provide an independent view to Council every six months. The Panel has four members, two of whom were the lead members of the SOLACE review team. The panel members each have different specialities and focuses: Leadership, Governance, Housing and Finance.
- 6.4 The first assessment from the Independent Assurance Panel is included alongside this progress report on the Improvement Plan (see Appendix 3).
- 6.5 The Improvement Plan is a live programme of work and is expected to evolve to remain relevant and responsive to emerging priorities, changes in our internal and external environment and best practice.
- 6.6 It is also expected to change and evolve with learnings from the Independent Assurance Panel, the Regulator of Social Housing, our Executive and Corporate Leadership Board, our staff, internal audit and the Overview and Scrutiny Committees.

7. Improvement Plan progress

- 7.1 The Council's Improvement Plan is themed by 6 objectives that we want to deliver, and the actions contribute to these. Progress has

been summarised in this section, and specific updates, including slippages, are provided in the Appendices.

7.2 Overall, there has been significant progress in improving the Council's governance, operations and culture and the Council is proud of the efforts of both Members and Officers on this progress. There have been slippages, and the Council is working hard to mitigate these delays and have a clear path forward for delivery. We recognise the considerable amount of work still required to deliver our Corporate Strategy objective of becoming a Well-Managed and Resilient Council. The Improvement Plan is a long-term programme of work that will adapt to the Council's challenges and priorities as needed.

7.3 Strategic Direction

Within this objective, there are 14 actions, of which 12 are completed. The delivery of this objective has been paramount as this work establishes the foundation for everything the Council does and starts the journey to deliver more for our residents, businesses and communities.

The adoption of our Corporate Strategy, alongside our internal shared values, in July was the beginning of setting clear strategic direction for the Council. This has provided a clear focus for the development of the annual Delivery Plan, budget planning process, service planning, performance management and risk management.

There is ongoing work to engage with our residents, businesses, communities, partners and staff around our Corporate Strategy. There have been internal event launches for staff at Millmead, the Hive, Woking Road Depot, Stoke Park and Heritage sites. A series of engagement events with our partners are also in progress. These conversations will inform the development of the Delivery Plan 2025-2026.

The outstanding actions include a LGA Peer Review, scheduled for mid-next year, and developing new strategies that align to our Corporate Strategy and provide direction for the Council's service delivery. These are in progress and the Delivery Plan should be finalised in Spring 2025.

7.4 Value For Money

Twelve out of the 16 actions are complete within this objective. Notably, Guildford closed its accounts on time, and our budget and Medium-Term Financial Planning (MTFP) began much earlier than previous years and is progressing in partnership with services and the Executive. The Council also boosted its reserves position with a VAT refund of circa £3.5m in September and reviewed its capital programme. We have also improved budget monitoring processes and revised our Financial Procedural Rules.

The new Procurement Strategy has been delayed but will now be moving forward for approval. However, officers and members have had training and briefing sessions on the new Procurement Act, and we are in the process of implementing a new contracts database to improve contract management and visibility. There is now a reporting schedule to the Executive on our Procurement Pipelines to improve our transparency and forward-planning with our upcoming procurements.

There is work to do to review the finance staff structure and recruit more permanent staff within our Finance and Procurement teams, to replace the interim staff in post. The Council will also be progressing the budget planning process in response to the Autumn Budget and Local Government Finance Settlement announcements.

7.5 Decision-making and Governance

Improving our governance and decision-making is key to ensuring our services are delivered in the right way for our residents, tenants and communities. Twelve out of the 25 actions have been completed.

There has been significant progress made within this objective. There has been training for Members and Officers in Best Value, Member/Officer Protocol, and decision-making. Statutory officers now meet regularly and there is work progressing to improve Executive decision-making and officer decision making, and monitoring these delegations.

The Joint Constitutions Review Group has helped revise several policies and procedures which were approved subsequently including the Officer Employment Procedure Rules, Council Procedure Rules, Financial Procedure Rules, Contract Procedure Rules, Local Choice Functions, Scheme of Delegation to Officers and a Joint Protocol on Councillor and Officer relationships.

There is ongoing work to improve the operation and arrangements of our committees and to support Members. This includes improving our scrutiny function and the Council's arrangements for our Companies, Charities and Trusts so the Council fulfils its duties in respect of the shareholder function and in respect of best value and continuous improvement.

The Constitution Review will continue, with a timeline of September 2025 for completion. There will be ongoing work to support staff and Members to embed the governance changes across the Council.

7.6 Culture

Nine out of the 13 actions have been completed, with the aim of building a public service culture within the Council that is outward-facing, innovative and supports partnership working with our communities and businesses.

The Council has updated the Whistleblowing Policy, established a weekly staff briefing and increased our communication with services and stakeholders. Staff networks have been created.

There has been a delay in receiving the independent cost-benefit analysis which has delayed subsequent actions to review our collaboration partnership with Waverley Borough Council. Progress has been made and we are now anticipating an update on our Collaboration with Waverley Borough Council to be presented in early 2025.

7.7 Service Delivery

To ensure our service delivery is focused on achieving the right outcomes for residents and businesses, we have completed 9 out of the 11 actions.

Notably, our corporate performance and risk frameworks have been reviewed. This has led to the need to develop a new risk management strategy which aligns to our Corporate Strategy. There have been initial improvements to our performance reporting, and this work will be ongoing to improve our corporate, service and project performance delivery, monitoring and reporting.

A new service planning process has been developed, aligning to service budget and resources. This is in progress and will continue alongside the budget planning process.

There also been an initial review of the Council's operating model to consider how the Council handles different processes and the relationship between the case and frontline services. This has recently concluded and there now will be work to understand and implement the recommendations.

7.8 Housing

The Housing objective has its own Housing Improvement Plan which is delivered by different services across the Council. Fifteen out of the 38 actions have been completed.

There has been significant progress in improving the knowledge and compliance with financial and procurement processes within Housing. Housing complaints have been reviewed, with service improvements made and Housing staff will be a key stakeholder in the wider Complaints Review for the Council. The Housing Service has undertaken a skills and qualification audit which will inform the service's future training needs. The Council now has a permanent Strategic Director and Assistant Director who lead our Housing service, and there have been two staff days to bring Housing staff together and prioritise key areas for the service.

The Housing service has strengthened its relationship with the Tenant Engagement Group and there is now a Housing Operations Board to keep the Council accountable to tenants and Members in its performance, policies and decision-making. Following our regulatory judgement, there has been continued engagement with the Regulator of Social Housing to assure our compliance with statutory duties.

Some Housing actions have slipped due to capacity. They are all in progress but will take longer to complete than anticipated. We have brought in additional resource to support the Housing service.

Recruitment of permanent staff in Housing is an ongoing challenge due to the labour market and the need to have immediate expertise to support the Council during this crucial time of improvement.

Looking forward, the Council will use the findings from the external assessment of how we meet the new Consumer Standards as well as learnings from the Regulator of Social Housing inspection at Waverley Borough Council to review the Housing Improvement plan. There may be a need to re-prioritise existing actions and add new work. This will happen with our staff, Tenant Engagement Group and the Executive. We will continue to communicate progress to Councillors and the Housing Operations Board.

Whilst good progress has been made, the Council recognises that there is significant work needed to improve our Housing governance, culture and operations so our tenants and service users experience a high-quality service from the Council.

7.9 New Actions

The Council has developed new actions which will be added to the Improvement Plan.

Housing

- Review Housing General Fund budgets to ensure correct appropriation between the General Fund and the Housing Revenue Account (Finance & Housing)
- Develop a glossary of terms and acronyms used within housing to improve our communications and inclusion with colleagues, partners and residents. (Housing)
- Review and update our terms of reference for Housing-related Boards and Group meetings (Housing)
- Develop and implement Housing service policies that respond to legislation and ensure a consistent approach to delivering Housing Services for our residents and tenants.

Governance

- Develop a S151 Protocol (Finance/Legal & DS)

- Develop a joint approach for the development and monitoring our Annual Governance Statement so it is better used as an improvement tool within the organisations (Finance, with key services)

Service Delivery:

- Improve the way we deliver programmes and projects by developing a new joint methodology and framework that is proportionate and aligns to our Corporate Strategy. (Strategy & Corporate Services)
- Review and develop an improved approach to complaints, ensuring that public voices and concerns are central to our learnings, processes, systems and culture (Communications & Customer Services)
- Develop a new risk management strategy and approach to meet sector best practice. (Strategy & Corporate Services)
- Review our use of data, considering how we can improve accessibility and use of data, our data culture, literacy and maturity to improve our decision-making and service delivery. (Strategy & Corporate Services)

Value for Money:

- Review the way the Council manages debt recovery: considering our approach to debt consolidation across services, debt enforcement and supporting residents and businesses (Finance)
- Prepare for the Budget and MTFP process 2026/27, ensuring it aligns to our Corporate Strategy, service planning and Improvement work. (Finance, Strategy & Corporate Services, Feb 2025-March 2026)
- Explore considered and appropriate income-generating opportunities to improve our financial sustainability. (Commercial Services)
- Review and consider a coordinated approach to the use of Interims with the aim of reducing our reliance and spend. This includes developing a policy and a plan to reduce interim spend as well as reviewing our People Offer to recruit and retain talented permanent employees. (Finance, HR)

Culture:

- Review our HR structure, practices, procedures and policies to ensure we are meeting sector standard, providing the right

support for employees and improving service delivery. (HR, Legal & Democratic Services)

7.10 Engagement and Communications on the Improvement Plan

An [external webpage](#) on the Improvement Plan was created in July 2024, and this was updated in November 2024.

From May 2024, there have been monthly email updates on Improvement Plan progress to all councillors, our Tenant Engagement Group and staff. An internal staff site on the Improvement Plan is also in place.

The Council has started a Guildford Improvement Champions Group which is an internal staff group. It is for all staff who want to be involved in Guildford's Improvement. The Group meets monthly at different sites including the Hive, Guildford House, Woking Road depot and Stoke Park Nursery. Their suggestions are helping the Council shape training, staff engagement and ways of working.

7.11 Looking forward

As a Council, we are proud with what we have delivered so far, but this is a long-term programme of work and there is still much to do and the implementation of the Improvement Plan will continue.

As a live programme of work, there will be changes and additions to the actions and the timelines in which we want to deliver them by.

The Council will also receive the internal audit findings on the Improvement Plan in Quarter 3 from which we will use to learn and make any changes to our framework.

8. Consultation

8.1 The Group Leaders, the Overview & Scrutiny and Corporate Governance and Standards Committee chairs, the Portfolio Holder, the Corporate Leadership Board, and the Executive have all been briefed on this report.

8.2 As part of our recommendations in Section 2, we are proposing that Overview and Scrutiny Committee - Resources review this report as part of their work programme.

8.3 The Housing Operations Board received an update on the Housing Improvement Plan on 25 September.

9. Key Risks

9.1 The two SOLACE reports identified a number of corporate and service level risks that the Council needs to respond to. The key risk identified in the reports was that the Council is at serious risk of failing in its statutory duty to deliver best value and the Improvement Plan has been designed to address the issues identified.

9.2 The Improvement Plan takes a risk-based approach knowing the Council cannot deliver all the actions at once. The actions and timelines within the Improvement Plan are reviewed regularly to ensure it reflects the Council's priorities and the Council has sought the support from the Independent Assurance Panel on this prioritisation.

10. Legal and Governance Implications

10.1 Section 3 of the Local Government Act 1999 provides that the Council "must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Section 4 of the Act, as amended by the Local Government and Public Involvement in Health Act 2007, provides that the Council must have regard to statutory guidance when deciding how to fulfil that duty.

10.2 The SOLACE report in early 2024 concluded that the Council is at serious risk of failing in its statutory duty to deliver best value and their recommendations are designed to assist the Council to avoid such a failure.

10.3 Section 5 of the Local Government and Housing Act 1989 provides that the Council must designate one of their officers to be known as the Monitoring Officer, and that it shall be the duty of that officer if it appears to them that any proposal, decision or omission by the

Council has given rise to a contravention of any enactment, to prepare a report to the Council.

10.4 In July 2024, we reported to Full Council that there is a risk that the Council is failing to comply with the provisions of the Local Government Act 1999 in respect of the best value duty, but the delivery of the Council's Improvement Plan should negate that risk and ensure continued compliance.

10.5 The Ministry of Housing, Communities & Local Government has the power, under section 230 Local Government Act 1972, to issue a formal Best Value Notice on a local authority, to obtain assurance in respect of securing continuous improvement. Ultimately the Secretary of State has the power under s15 Local Government Act 1999 to intervene by way of statutory directions where satisfied that a local authority is failing to comply with its Best Value Duty.

11. Financial Implications

11.1 In early 2023, significant financial issues were identified, and the Council was warned of the risk of being in a s114 position in July 2023. The Council approved a Financial Recovery Plan in August 2023, which set out a plan to deal with the financial deficit and had a separate workstream dealing with improvements to financial governance.

11.2 A significant amount of work has been done to address the key risks identified, but there is still work to be completed and this is captured within the Improvement Plan. The Financial Recovery Plan has been superseded by the Improvement Plan.

11.3 Investment has been required to improve governance across the Council and to strengthen both the finance and legal functions as part of the Improvement Plan.

11.4 Resources needed to deliver the Improvement Plan are part of the Council's annual budget setting process for 2025/26.

12. Human Resources Implications

12.1 There are actions within the Council's Improvement Plans that rely on input from the Council's HR function. A key action included in the Improvement Plan is to ensure the Council has a refreshed and effective people strategy in place which has been drafted.

13. Equality and Diversity Implications

13.1 There are no direct Equality and Diversity Implications arising from this report.

14. Climate Change and Sustainability Implications

14.1 There are no direct climate change / sustainability implications arising from this report.

15. Next Steps

15.1 Officers recommend that the Council approves all the recommendations set out in section 2 of this report. Alternatively, the Council could resolve not to agree or to amend any or all of the recommendations.

15.2 Full Council will receive the next update on the Improvement Plan in six months, Summer 2025.

16. Background Papers

16.1 [SOLACE Governance Review](#)

16.2 [SOLACE Housing Governance Review](#)

16.3 <https://www.gov.uk/government/publications/best-value-standards-and-intervention-a-statutory-guide-for-best-value-authorities>

17. Appendices

Appendix 1: Improvement Plan – with updates

Appendix 2: Housing Improvement Plan – with updates

Appendix 3: The Independent Assurance Panel’s Report to Full
Council on the Corporate Improvement Plan

Report clearance progress:

Finance	Richard Bates	20/11/2024
Legal & Governance	Susan Sale	22/11/2024
Human Resources	Francesca Chapman	15/11/2024
Equalities	Ali Holman	15/11/2024
Strategic Director	Pedro Wrobel	13/11/2024

Guildford Borough Council: Improvement Plan

Key: Completed/in place, On track, Not Started Delayed

Strategic Direction: Establish a clear strategic direction and values for the Council, providing a basis for performance management and continuous improvement						
Objectives	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
1. Coordinate all improvement activity relating to the themes of this Corporate Improvement Plan, including all SOLACE report's recommendations.	1.1 Draft an improvement plan, for which the Chief Executive and CLB will be accountable.	May 2024	6.2, 6.8	Chief Executive	CGSC 15 May Full Council 23 July	First 6 monthly update – Dec 2024
	1.2 Corporate Governance and Standards Committee to scrutinise the Plan and Full Council to adopt plan, with progress reported to Council six monthly for three years.	July 2024	6.8	Chief Executive	Full Council 3 December	
	1.3 Appoint a Head of Business Improvement to lead on developing and coordinating actions at pace to deliver the plan.	May	6.8	Head of Business Improvement	n/a	
2. Develop a corporate approach to continuous improvement to ensure it is resourced and treated as business as usual by all services.	2.1 Appoint an Independent Improvement and Assurance Panel to provide a critical friend function.	Completed	6.9	Chief Executive	CGSC 15 May Full Council 23 July Council: 3 December for first report	Year 1: Monthly meetings since August 2024 Year 2 & 3: quarterly meetings Terms of reference agreed.
	2.2 Carry out an initial restructure of JLT to address governance and finance capacity and capability.	Completed	4.4, 7.14		Head of Paid Service	
	2.3 Propose new structures to be agreed by Executive as part of 2025/26 Budget process following options appraisal of capacity and capability.	Budget to be approved February 2025	4.4, 7.14		Budget process dates (5.5)	
	2.4 Arrange a peer review for 2025/26	Summer 2025	6.3		n/a	Agreed with LGA: May 2025
	2.5 Carry out peer review	May 2025	6.3	Chief Executive	TBC Council	Initial conversations with LGA Autumn 2024
	2.6 Create a refreshed Annual Governance Statement template to ensure it is used as an improvement document. Provide training for staff developing the statement.	August 2024	6.4	Strategic Director of Finance (\$151)	n/a	
	2.7 Annual Governance Statement to be prepared by Finance, consulted on with Executive and O&S and owned by CLB, prior to formally being taken to Corporate Governance and Standards Committee for adoption and review mid-year.	Draft AGS by September 2024	6.4	Statutory officers	Executive Briefing 11 September CGSC 26 September Next: May 2025 TBC	Document has been used as an improvement document, with input from different teams. Internal audit on AGS Autumn 2024. Use findings (& WBC Findings) to improve AGS 24/25. AGS working group created.
3. Produce and embed a strategic framework (including strategies, policies, risk and performance management approaches) and set of	3.1 Develop and publish corporate strategy	July 2024	7.13i 7.13ii	Assistant Director of Strategy & Corporate Services	O&S 10/11 July Executive 15 July Full Council 23 July	Link to Corporate Strategy Engagement events – external and internal planned for Autumn/Winter 2024.

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values that articulate the Council's vision and priorities, and provide a golden thread through service delivery and performance management	3.2 Develop and publish corporate values	May 2024	7.13iii, 9.12		Internal only – By the Wey May 2024	Values were published in May internally to staff and added to Intranet. Posters around GBC sites.
	3.3 Communicate the new strategy, values, challenges of the Council and the Improvement Plan.	July 2024	7.16		Comms plan shared with Executive 19 July.	Live comms plan in process. External webpages of Improvement Plan and Corporate Strategy being refreshed: Autumn 2024
	3.4 Review the range of strategies and policies, identify gaps, clarify timescales and ensure resources in place, starting with people strategy, IT strategy and procurement strategy.	Review: July 2024 Ongoing	7.15		New strategies will run through committee process.	People Strategy and Procurement Strategy in development.
Value for money: Ensure we provide the best value for money by embedding effective finance practices with sufficient capacity, and alignment between the organisation's priorities and its use of resources, including procurement and contract management.						
Objectives	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
4. Establish and embed effective finance and budget policies and procedures with sufficient permanent capacity and resource to create accountability of budget holders .	4.1 Redesignate the S151 officer as a Strategic Director, reporting to the Chief Executive.	Completed	7.4	Chief Executive		
	4.2 Appoint a permanent Section 151 Officer, reporting directly to the Chief Executive	Completed	7.3			
	4.3 Revised and implement financial and budget policies and procedures for consistency and clear ownership, with a clear plan for regular review.	Completed	7.5,10.3 10.11	Strategic Director of Finance (S151)	Financial Procedural Rules: Full Council July 2024	
	4.4 Ensure capacity and capability of the finance team through recruitment of permanent staff. Recruitment of permanent staff launched, to replace some of the interims.	Ongoing	10.11		TBC	Finance structure will be reviewed. Joint Away Day with GBC & WBC finance colleagues – August 2024
	4.5 Finalise the Budget book and implement to improve finance knowledge and ensure ownership by the budget holders. Relaunch Budget monitoring reporting processes. Finalise all budgets and ensure sign off by s151 officer.	Budget book issued Expenditure report published May 2024	10.3 10.11		n/a	Budget books - Guildford Borough Council
	4.6 Implement improved budget planning and processes that are documented and reviewed regularly.	Completed and ongoing	10.3 10.11		n/a	Progress commenced earlier this year with reporting starting in July 2024.
	4.7 Regular review of approved and provisional capital programme to ensure continued relevance and prioritisation of spend	First iteration completed Autumn 2023, ongoing.	10.7		<ul style="list-style-type: none"> Strategic Programmes & Project Board Executive Working Group: ongoing Revenue & Capital Outturn Report 23- 	Ongoing review of the capital programme.

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					24: Executive 3.10.24	
5. Ensure accountability to the public purse through revised contract award and management controls, and alignment with the priorities of the Council.	5.1 Renew Procurement Strategy and pipelines	New Procurement Strategy in Summer 2024	7.15		<ul style="list-style-type: none"> Capital and Investment Strategy 2025-26 to 2029-30: Council 5 Feb 2025 	
	5.2 Implement appropriate controls around contract awards and management, with robust monitoring and a new reporting regime.	New reporting being developed	8.12 9.11	Strategic Director for Legal and Democratic Services Strategic Director of Finance (\$151)	TBC likely to be part of procurement reporting to committee	Procurement Pipelines report has been approved at Executive 3.10.24, a further paper discussing awards will come later. Procurement Strategy went to Joint Leadership Team 6/11 for feedback.
	5.3 Recruit Head of Procurement.	Spring 2024	7.15	Strategic Director of Finance (\$151)	n/a	Commenced June 2024
	5.4 Emphasise accountability to the public purse, and value for money, through the Corporate Values.	May 2024	9.9 10.12	Strategic Director of Finance (\$151) Chief Executive	Internal – Corporate values	Corporate Values adopted – VFM included.
	5.5 Commence Budget and MTFP processes in the summer. This will align with the Corporate Strategy.	MTFP review started in July 2024	9.9 10.12	Strategic Director of Finance (\$151)	<ul style="list-style-type: none"> Update report – Resources O&S 9/7, Council 23/7 MTFP Update - Resources O&S 10/9 Council 8/10 MTFP Update - Resources O&S 12/11 Council 3/12 Potential MTFP Update: January 25 Budget Setting - 14/1/25 Resources O&S, 23/1/25 Executive, 5/2/25 Council 	Budget scrutiny training delivered 10/9 to O&S.

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	5.6 Put together service review programme with in-depth reviews into services which procure large contracts in order to identify any issues that might exist.	September 2024	11.10			Budget challenge sessions completed for every service. Challenge packs have included budgets, establishment, bids, savings, income and contract information	
	5.7 Replenish the Council's reserves position which has been depleted in recent years, becoming an adverse indicator on OFLOG finance indicators.	September 2024	NEW		Budget updates to Committees	VAT return of Circa £3.5m received. £17.450 of usable and £17.961 of legally ringfenced. Review completed and some reserves moved and closed.	
6	Implement regular reviews and reporting arrangements which ensure value for money and best use of public money.	6.1 Corporate Governance and Standards Committee to consider formal action and/or a formal response to the External Auditors in respect of the Value for Money matters it raised in September 2023. The issues raised have been addressed through the Financial Recovery Plan.	Formal response to be presented at CGSC Cttee meeting	10.13	Strategic Director for Legal and Democratic Services Strategic Director of Finance (\$151)	Corporate Governance and Standards Committee	VFM response complete and will go to CGSC 29/9
		6.2 Ensure regular review of arrangements for managing the property portfolio and report to committee.	Review to be commissioned Summer 2025	10.7	Strategic Director of Finance (\$151) Strategic Director of Economy, Planning & Place	Fund Report is an appendix of annual Capital & Investment Outturn Report	
Governance: Implement effective governance across the organisation, so decisions are made at the right level, with accountabilities and responsibilities clear. Decision-making will be open and transparent, supported by evidence and a committee system that provides constructive challenge.							
Objectives	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update	
7	Increase officer and member awareness of the Best Value Duty , and improve quality of challenge between members and officers.	7.1 Member and officer development programmes to be revised and relaunched	September 2024	6.7, 8.18	Strategic Director for Legal and Democratic Services	Councillor Development Steering Group, CGSC	Joint Member Development Programme presented to Councillor Development Steering Group 14.10.24
		7.2 Briefing session on Best Value duty to be carried out for all staff and all members	Autumn 2024 October: Councillor training November: officer training	6.7		n/a	Delayed due to external trainer availability. Training to councillors: 17/10, SS will do follow up training to all officers in November/December.
		7.3 MO briefing note on Best Value duty will follow the briefing sessions.	June 2024	6.7		n/a	To mitigate the delay in 7.2, SS sent out a briefing note out to all councillors 01.07.24

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	7.4 Finance training to be provided to all members of Overview & Scrutiny Committee in advance of budget scrutiny	January 2025	9.3	Strategic Director of Finance (\$151)	n/a	External training delivered 20 June. Training offered before each O&S (resources)	
	7.5 Review and update our member / officer relationship protocol, including training for councillors and staff	March 2025	NEW	Strategic Director for Legal and Democratic Services	Full Council 23 July 2024	Training took place: Councillors on 8th July 25 July for officers (2 sessions) & 24 September	
8	Ensure decision-making happens in the right places with clear accountability .	8.1 Review and update the Council's constitution through JCRG, underpinned by a programme of training, followed by regular monitoring. (The Joint Constitutions Review Group is in operation, reviewing and updating the constitutions.)	Complete Constitution review by September 2025		9.13	Joint Constitution Review Group	Councillor Development Steering Group 14/10: training to be scheduled on the new Council, Procedure Rules (Mock Council meeting, Scheme of Delegation & decision-making).
		8.2 Joint Constitutions Review Group to include review of scheme of delegations, followed by regular review of schemes of delegation and decision-making protocols.	June 2024		8.20	Full Council 23 July 2024 Minor amends to Scheme of Delegations – MO delegated authority	Revised joint scheme of delegation approved, minor amends will be ongoing. Scheme of Authorisation for services - to be published on website
		8.3 Ensure process of monitoring the exercise of officers' delegations.	Develop process by July 2024.		8.12		Officers delegations were approved in July 2024, and the process of monitoring these was due to be commence in Autumn 2024.
	8.4 Ensure that all decisions are evidenced and recorded following good principles of public law. The development of the new Corporate Values emphasises the importance of evidence-based decisions, and cost-benefit analysis to deliver value for money.	Corporate Values adopted May 2024	9.14	Strategic Director for Legal and Democratic Services Strategic Director of Finance (\$151)		Ongoing	
	8.5 Implement revised and ongoing member and officer development programmes, training for officers on decision-making. Review capacity and training to ensure cost-benefit analyses underpin decisions.	Development programme relaunch September 2024	6.7	Strategic Director for Legal and Democratic Services	Councillor Development Steering Group, CGSC	Regular training for officers on decision-making Member officer development programme	
	8.6 Implement regular meetings of statutory officers with appropriate agendas and minutes, focusing on strategic issues, performance and risks, rather than on operational matters, including regular meetings with external auditors.	Completed	8.7 8.9	Chief Executive	n/a	Monthly meeting Terms of reference agreed and standing agenda. Minutes taken.	
	8.7 Officer decision-making will be reviewed to ensure decisions are made at the right level, with a decision	Completion September 2024	8.19i 8.8	Strategic Director for Legal and	JCRG November 2024	Officer meetings have been reviewed. Terms of references	

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	hierarchy, compatible terms of reference, agendas and minutes.			Democratic Services	CGSC January 2025 Full Council January 2025	<p>have been agreed for senior leadership meetings, and minutes are recorded.</p> <p>Officer Decision Making Protocol in development to provide guidance on the new officer delegations.</p> <p>Review of our Internal Boards will be ongoing.</p>
9 Undertake the Governance Work Programme to revise the constitution and ensure the Council uses best practice governance processes and procedures .	9.1 Reviewed Council Procedure Rules to be adopted	Completed	7.15		JCRG: 28 March CGSC: April Full Council: April	Adopted a new set of Council Procedure Rules in April 2024 Good practice to keep the committee terms of reference under review. Consideration of Council Procedure Rule 6: 21.10.24 JCRG
	9.2 Review the way Committees operate and plan their work, to ensure that council services are appropriately scrutinised.	Ongoing (see below)	8.17i, 8.3, 8.4			
	9.3 Review terms of reference of all Committees	May 2025	8.17		JCRG Work Programme 24/25 CGSC, Council.	CGSC & Audit committee terms of reference are being progressed. O&S Resources & Services terms of reference: JCRG Dec 2024, CGSC January 2025
	9.4 Review matters reserved to full Council and local choice functions	May 2025	8.17i		12 Aug 24 JCRG Sim Standards 26 Sept 8 October Council	
	9.5 Give consideration to a dedicated Committee to be responsible for the statutory audit function of the Council	May 2025	8.17iii		JCRG: 12 August, 12 October Sim Standards 26.09. CGSC 14 November	Review of the terms of reference of the Corporate Governance & Standards Committee and the new proposed Audit Committee
	9.6 Review operation of Executive, including agenda planning and decision-making	May 2025	8.17i 8.3		Review of Executive Working Groups 8/08/24	Executive Decision-Making Protocol Terms of reference review
	9.7 Review the way the Executive operates through the Executive Procedure Rules, bring the protocol to Full Council	May 2025	8.17i		Executive Decision Making Protocol &	Individual Executive Member Delegations

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					Individual Executive Member Delegations TBC	JCRG Jan 2025, CGSC February 2025, Council March 2025.
9.8 Review the effectiveness of the Council's scrutiny function, considering abolishing the Executive Advisory Boards and creating an additional Overview & Scrutiny Committee.	May 2024	8.17ii 8.4				EABS abolished, second O&S Committee in place. Overview & Scrutiny Procedure Rules on JCRG work programme
9.9 Review the arrangements and operation of the Executive Shareholder and Trustee committee to ensure good governance practice, and that the Committee has oversight and responsibility for the Council's shareholder relationships.	January 2025	10.14			CLB: Companies, Charities & Trusts (internal) JCRG: September Sim Standards 26 September Full Council October Joint Chief Executive: delegated authority for Director appointments	Executive Shareholder and Trustee committee 8 August. Next ESTC: 28 November: review of Council's governance arrangements. Appointment of a temporary company lawyer to review governance documents including Articles of Association and Shareholder Agreements and providing training to Trustees, Directors and Officers. Reviewing director appointments
9.10 Develop a written agreement and engagement Local Arrangements approach with the Unions Guildford Borough Council recognise which clearly states what we will consult on with them, and how we will engage with them.	January 2025	NEW	Strategic Director for Legal & Democratic Services	G&W Union Collaboration meetings		Started, being discussed at G&W Union collaboration meetings
9.11 Review the governance process and reporting on declarations of officer interests, gifts and hospitality	March 2025	NEW	Strategic Director for Legal and Democratic Services	TBC		
9.12 Develop a new Money Laundering Policy	Summer 2024	NEW	Strategic Director of Finance (\$151)	CGSC Spring 2024		Approved with Anti Fraud & Corruption Strategy, Anti Bribery Policy, Counter Fraud Policy & Fraud Prosecution Policy

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Culture: Embed a public service culture, outward-facing, innovative, building partnerships, listening to and working with our communities and businesses to deliver effective services that are value for money						
Objectives	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
10 Embed a positive culture of sharing information , whilst respecting the duty of confidentiality. We listen and respond to colleagues, residents and businesses.	10.1 Review, adopt and promote new whistleblowing policy.	Completed January 2024	8.13	Strategic Director for Legal and Democratic Services	Adoption by Executive, 25 January 2024 Annual Report 23/24: CGSC 16 Jan 2025	Next Review: Jan 2026
	10.2 Review officer code of conduct and HR policies.	Review officer code of conduct April – Jun 2024 & communicate to all staff by Summer 2024. Kick off review of all key HR policies Summer 2024	8.19iii 8.13 8.14	Assistant Director of Strategy & Corporate Services	TBC	Code of Conduct and the related codes have been reviewed. Pay policy has been updated and interim JE framework and policies for joint posts introduced. Relationships at Work Policy complete, needs to be added to Constitution. Current focus for HR policy update is the bullying and harassment procedure to comply with new legislation and in response to union feedback.
	10.3 Training for all of JLT by HR specialist on how to conduct employment investigations.	Summer 2024		Assistant Director of Strategy & Corporate Services	JLT (internal)	Training took place for 8 th October.
	10.4 Increase and improve communication between services, colleagues and stakeholders. Establish new weekly staff engagement forum has been to encourage a more open, collaborative culture.	Complete	9.8	Chief Executive	n/a	Weekly staff briefings – By the Wey 6 month review meeting of weekly staff briefings
	10.5 Ensure CLB explicitly takes a more open approach, including Member briefings on contentious issues, supported by clear confidentiality duty. All-Member briefing in May 2024 to run through this report and improvement plan.	Complete	9.8	Chief Executive	All-member briefing May 2024	
	10.6 Briefing for members and councillors on exempt and confidential information	Summer 2024	9.4	Strategic Director for Legal and Democratic Services	n/a	Completed 15 May

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	10.7 Share this report with Waverley Borough Council to discuss implications with WBC Members. Report shared with WBC, and members briefed.	May 2024	4.4 12.14	Chief Executive	n/a	Report shared with WBC Executive, WBC group leaders briefed
	10.8 Upskill key officers in fraud awareness and prevention	Summer 2024	NEW	Strategic Director for Legal and Democratic Services	n/a	Senior officer from housing, legal and finance attended and cascaded the training.
11 Embrace opportunities for innovative working , including through partnerships .	11.1 Waverley Borough Council to consider carrying out a similar review.	WBC have commissioned a review from SOLACE, date to be confirmed.	12.14	Chief Executive	TBC	Initial discussions with SOLACE have begun, planning for March 2025.
	11.2 Establish effectiveness of the collaborative working arrangements, including benefits. (£700k of financial savings delivered so far, with an additional £400k between both authorities budgeted for 24/25.)	Full cost benefit analysis to be produced over Summer	12.11 12.5	Assistant Director of Strategy & Corporate Services Strategic Director of Finance (\$151)	Transformation & Collaboration Board (internal) Full Council.	Local Partnerships completing the independent cost-benefit analysis – delayed currently Group Leader session, JLT workshop complete. Expecting report in November.
	11.3 Review the: aims; short and long term priorities; programme governance arrangements; and current and future resourcing, of the Transformation and Collaboration Programme.	July 2024	11.12, 12.11 12.15, 12.8 10.9			Internal review complete, and update for GBC & WBC Executives will be presented in early 2025. Interim joint staffing arrangements were agreed at GBC & WBC Executives in October 2024.
	11.4 Develop a plan for spend on the Transformation and Collaboration Programme to access flexible use of capital receipts regime.	May 2024	10.9, 11.12			Flexible Use of Capital Receipts policy live in the Feb budget paper.
	11.5 Undertake a gap analysis between revised Transformation and Collaboration Programme and current resource and capability levels.	July 2024	12.15, 12.8, 10.9, 11.12	Assistant Director of Strategy & Corporate Services	Due to some promotion and other team changes, WBC are Business Transformation Officer and Business Analyst resource. Recruitment to GBC due to start shortly so we have support within both councils.	

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Service delivery: Ensure effective service delivery, focused on achieving the right outcomes for residents and businesses, and supported by an effective performance reporting, risk-management, monitoring and audit regime						
Objectives	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
12 Review current arrangements for service delivery , ensuring the right processes are achieving the right outcomes.	12.1 Review the operation of the generic back-office team handling a range of different processes, and its relationship with front line services.	Autumn 2024	11.11	Assistant Director of Communications and Customer Service	CLB Hot Topics (internal) 4 November	In progress – staff interviews and data analysis have taken place by independent contractor. Reviewing data findings and finalising report: end of November completion
13 Ensure effective service delivery through monitoring, reporting, management and auditing of performance and risks , so that relevant service risks and outcomes are identified and measured, KPIs are strategically aligned, risks are analysed and mitigated and areas of underperformance are addressed. Ensure that performance and risk frameworks are meaningful and visible to Members.	13.1 Review internal audit plan quarterly as risks and issues emerge to ensure a more robust plan and review process	IA Plan reviewed May 2024.	8.15	Strategic Director of Finance (\$151)	IA annual report 23/24: CGSC 25.07 IA Plan update Q3 & 24/25 progress report: 26.10 IA Plan update Q4 14.11 IA 2024-25 progress report 23.1.25	IA planning moved to quarterly. Directors all consulted on next quarters priority
	13.2 Review performance and risk management frameworks to ensure there is a clear golden thread between strategic goals and performance monitoring. Ensure regular performance monitoring, ensure it is visible and informs decision-making.	July 2024	8.10	CLB and Assistant Director of Strategy & Corporate Services	Quarterly reporting: Performance <ul style="list-style-type: none"> Resources O&S Risk - CGSC 	Risk framework has been reviewed, agreed to develop a new risk management strategy & approach the Council that meets sector best practice
	13.3 Promote the existing Performance Agreement Process (PAM), guidance and documentation. Review PAM process in line with the newly developed corporate strategy and values once those are agreed and published.	Promote PAMs April – Align with strategy and values Summer 2024.	8.11 8.19ii	Assistant Director of Strategy & Corporate Services	n/a	Annual PAMs Summer 2025: work currently on updating the behavioural framework
	13.4 Revise quarterly performance reporting format with changes to format of risk registers to include high level Red, Amber, Green dashboard and quarter-to-quarter direction of travel.	May 2024	8.19ii 8.10 8.11		CLB R&P (internal) Joint Risk management Group Q1 Corporate Risk Register CGSC 26.09.24 Q2 Corporate Risk Register CGSC 14.11.24	Risk register template developed that improves the format and has a risk heatmap, with direction of travel.
	13.5 Corporate risk register to be reviewed and updated by CLB and Assistant Director of Strategy & Corporate Services on a quarterly basis.	Completed 26 March 2024. Quarterly reviews to take place	8.10	CLB and Assistant Director of Strategy & Corporate Services	Register CGSC 26.09.24 Q2 Corporate Risk Register CGSC 14.11.24	
	13.6 Ensure service risks are reviewed by JLT members at quarterly risk management group meetings, with any key matters escalated to CLB.	Quarterly reviews by JLT	8.10	Assistant Director of Strategy & Corporate Services	Joint Risk Management Group (internal)	

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					CLB: R&P (internal)	
	13.7 Corporate and enterprise portfolio risk registers to be reviewed at least quarterly by CLB.	Quarterly review by CLB	8.10	CLB	Internal – CLB Risk & Performance	
	13.8 Implement a system for the consistent design and approval of service plans and their associated budgets, providing clear accountability and reflecting the scheme of delegations approved by the Council. Revised service plan design with section for budgets, awaiting JLT approval.	New service plan design and finalise documents July 2024	8.11 11.9 10.3	Assistant Director of Strategy & Corporate Services	Internal – JLT September & October 2024, developed in consultation with portfolio holders.	Assistant Directors working on new service plans: Autumn 2024. Will be rolled out alongside budget for next f/y
	13.9 Continue collaborative working between Finance and Strategy & Corporate Services to produce service plans with accurate budget information	New service plan design and finalise documents July 2024	8.11 11.9	Assistant Director of Strategy & Corporate Services Strategic Director of Finance (\$151)	Part of budget reporting to committee	Service plans have been designed with Finance, to ensure our service delivery and planning aligns with our budget and resources.
	13.10 Following a review of our risk framework, develop a new risk management strategy and approach to meet sector best practice.	Adoption for April 2025	NEW	Assistant Director of Strategy & Corporate Services	CGSC: 16.01.25 Executive: 23.01.25 Full Council: 5.02.25	In progress: <ul style="list-style-type: none"> RM strategy working group Risk appetite workshop Risk Survey Draft strategy presented at CLB Risk & Performance 27/11
Housing: Ensure that housing services are effective, value for money, and recognise the vital importance of providing a safe and secure home						
Objectives	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
14 - Ensure robust governance and assurance controls are in place for Housing Services	14.1 Develop and implement a comprehensive action plan to address the findings and recommendations of the SOLACE governance review of housing	Completed	Hsg review	Strategic Director of Housing, Communities & Environment	CGSC May 2024 & Full Council July 2024	Commenced implementation with workstream leads within Housing.
15 - Ensure that landlord services are compliant with legislative requirements, including building safety and the four Consumer Standards	15.1 Commission an external expert assessment against the new Consumer Standards, to include a gap analysis and recommendations for action	Commissioned	Hsg Review	Assistant Director of Housing	Housing Operations Board Tenant Engagement Group Committee TBC	Housing Quality Network (HQN) appointed to complete a mock inspection against all RSH consumer standards over the summer, to identify areas of compliance and improvement. Findings due 4 December
16 - Deliver high quality value for money housing services	16.1 Implement a transformation programme for housing services to achieve best in sector outcomes for residents, building on the findings of the SOLACE review and external assessment.	Winter 2024		Strategic Director of Housing, Communities & Environment	Housing Operations Board & TEG	Phase 1 SOLACE Actions started; external assessment findings will be added after 4 December

Guildford Borough Council: Housing Improvement Plan

November 2024

Key: Completed/in place, On track, Not Started Delayed

Leadership						
Ref	Actions	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H1	Develop an improvement plan for Housing with a particular focus on leadership, cultural change, tenant engagement, building and tenant safety, compliance, staff training, procurement and budget monitoring.	Complete	1	Strategic Director Housing, Communities & Environment	CGSC 15 May Council 23 July Council 3 December	This will evolve as we receive findings from our external assessment.
H2	Introduce performance management culture, including more comprehensive monthly compliance reporting and assurance, and regular review by CLB and Scrutiny. <ul style="list-style-type: none"> To review KPIs and monitor key decisions, risk logs and improvement plans at directorate management meeting. Ensure regular monitoring reports including the risk register, voids, budget monitoring and contract awards reviewed at least quarterly by directorate management teams, with non-compliance tackled swiftly. 	May 24	2, 3, 7 and 21	Assistant Director of Housing	Corporate Performance Monitoring: Overview & Scrutiny (resources) Housing Operations Board	Housing SMT meeting bi-weekly. 2024/5 KPI review completed with team leaders, and work ongoing on our performance reporting.
H3	Refresh the Housing Strategy, in partnership with stakeholders and residents to help align housing service plans to wider aspirations for Guildford Borough Council's people and places, and the Social Housing Regulation Act. Ensure the Corporate Strategy feeds into the Housing Strategy and vice versa.	December 24	4 and 5	Assistant Director of Housing	Housing Operations Board & Committee Early 2025 TBC	<ul style="list-style-type: none"> New Housing Strategy & Enabling Manager started in August 2024. Housing Strategy development in process, will be shaped with TEG & stakeholders. Anticipating the draft to be complete for December 2024, and committee approval will be early 2025. Corporate Strategy approved July 2024
H4	Ensure a permanent Joint Strategic Director of Housing is in place and has adequate time to devote to Housing, amongst their other priorities.	Summer 2024	8 and 9	Chief Executive	Joint Senior Staff Committee	<p>Permanent Strategic Director for Housing, Communities and Environment in post.</p> <p>The SD has been supporting Planning and Regeneration services due to a vacancy. The new SD of Economy, Planning & Place will be starting in November.</p>

Guildford Borough Council: Housing Improvement Plan

November 2024

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H5	Review the entire Housing staffing structure and ensure that it is fit for purpose, is robust and has the necessary capacity and skills. Ensure all job profiles are up to date and reflect organisational and service needs.	Phase 1 June 24 Phase 2 December 24	10 and 16	Assistant Director of Housing	TBC	Phase 1 complete: pivotal roles recruited to in compliance & repairs: Phase 2 will be a comprehensive review.
H6	Agree a Corporate Vision and Values and ensure that this is reflected and fully embedded within Housing. Ensure a 'golden thread' approach exists so that the Corporate Strategy feeds into the Housing Strategy, and in turn, feeds into team plans and Appraisal Targets	December 24	11 and 12	Assistant Director of Strategy & Corporate Services	Corporate Strategy, 23 July Council Housing Strategy TBC.	Values discussion featured at all housing staff event June 2024 and embedded into performance appraisals. Housing strategy work will align with Corporate Strategy, and inform housing service plans, team plan and 1:1s.
H7	Introduce a performance culture. Ensure all housing staff have regular 121s, annual appraisals, with clear work-based and behavioural targets, with 6 monthly reviews and development plans.	September 24	13 and 27	Assistant Director of Housing	n/a	Housing have met with Corporate HR & OD. Housing staff completed PAMs in Summer 2024 complete and regular 1:1s in place. Housing service SharePoint site live for staff.
H8	Undertake a skills and qualifications audit for the housing team and ensure that senior housing managers and housing executives hold professional qualifications and if they do not, support them to obtain these qualifications.	October 24	14 and 15	Assistant Director of Housing	n/a	Audit which covers skills, qualification training has been completed by the Housing Service. These results will now inform new work on upskilling Housing colleagues.
H9	Ensure all permanent jobs are reflected within the Establishment and match with the specified staffing budgets.	Completed	17	Assistant Director of Housing	n/a	
H10	HR and Housing Service Recruitment panel members to consider references as part of the recruitment process for permanent, agency and interim candidates. (HR to retain references on file for 2 years)	Completed	18	Assistant Director of Housing	n/a	This is now standard.

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Governance and culture						
Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H11	Develop a skills requirement audit that identifies the minimum levels of procurement and financial management knowledge required for roles across the organisation, with an associated training programme to help all staff in relevant roles meet the requirements.	Training to be complete Dec 24	20	Assistant Director of Strategy & Corporate Services	n/a	Audit which covers skills, qualification training has been completed by the Housing Service. Procurement training has been provided to all colleagues at Guildford.
H12	Engender a 'no blame' learning culture within a framework of staff taking personal accountability and responsibility and within a performance culture.	July 24	25	Assistant Director of Housing	n/a	<ul style="list-style-type: none"> • Open discussions at Housing Away Day. • Updated Corporate Whistleblowing Policy has been embedded into Housing • Question about Whistleblowing added to Skills Audit for Housing.
H13	Encourage staff to come forward with continuous improvements, innovation and creativity whilst adhering to Good Governance and following due process.	July 24	26	Assistant Director of Housing	n/a	<ul style="list-style-type: none"> • Housing Away morning: June • Housing Volunteers group & engagement with Housing workstream leads for ideas. • Improvement Champions Group for staff to be involved with wider council improvements. • Housing away afternoon – October • Feedback part of 1:1s & appraisals
H14	Review and update our terms of reference for Housing-related Boards and Group meetings	Jan 2025	NEW	Assistant Director of Housing	CLB Hot Topics 09/09/24 (internal)	Terms of reference for the following groups: <ul style="list-style-type: none"> • Housing Operations Board (Executive Working Group) • Tenant Engagement Group (constitution, not formal TOR) • Agreed 09/09/24: Corporate Health and Safety Group: to

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Finance, Budget & the Housing Revenue Account (HRA)						
Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H15	Ensure the team follow, comply, monitor and report on procurement, contract procedure and financial rules in all work areas. Ensure all reports requesting investment, major procurement and financial expenditure include a robust business case. Ensure the HRA, Capital and General Fund (Housing) revenue budgets have detailed breakdowns. Ensure there are inbuilt financial checks and balances, with Purchase Order and procurement monitoring.	June 24 December 24	6, 28, 29, 31, 32, 34 and 57	Assistant Director of Housing	Housing Operations Board: HRA Business Plan and budget	<ul style="list-style-type: none"> Set up monthly budget monitoring meetings Shared contract and procedure rules Identified in staff appraisals to attend required training. Procurement training for Housing Staff: 2 x Procurement training sessions 01.10 & 08.10 Further training to come The HRA Challenge events will take place at the conclusion of the HRA Business Plan review by Savills.
H16	Ensure sufficient HRA experienced Accountants support the Housing Service.	September 24	30		n/a	<ul style="list-style-type: none"> Savills re-procurement completed July 24 Meeting with Savills 23rd September on HRA business plan review and training to appropriate staff Identified accountant within team to support Housing. She is being supported by a business partner with significant HRA experience. This is right support until we undertake a wider finance staffing review, where we ensure future appointments has HRA experience.

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H17	Recruit permanent procurement staff.	September 24	33		TBC	<ul style="list-style-type: none"> • New Interim Head of Procurement started June 24. • Housing service has dedicated procurement resource within corporate procurement which serves both GBC & WBC. • Permanent staff will be part of a wider Finance team structure review.
H18	Review Housing GF budgets to ensure correct appropriation between GF and HRA. Move predominantly HRA budget areas into HRA. Where services are provided to other council services, these budgets are managed and commissioned by the service.	April 2025	NEW	Assistant Director of Housing, Finance	Housing Operations Board: HRA Business Plan and budget	<p>Agreed at Housing service budget challenge session – September 2024.</p> <p>Frequent meetings with Finance – new coding arrangements being prepared.</p>

Back-log of Voids (Empty Properties)

Ref	Actions	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H19	The inspections pre and post-works to be undertaken by Guildford Borough Council surveyors. Appoint permanent surveyors	December 24	37 and 38	Assistant Director of Housing	n/a	<p>All works over £1000 post-inspected.</p> <p>Recruiting interim surveying capacity. Permanent recruitment to commence once new housing structure agreed.</p>
H20	Undertake a service review of the key to key void process with cost benchmarking and best practice.	December 24	39 and 40		n/a	Key to key void service review session in October with HQN and process maps are in development.

Leaseholds and Leaseholders

Ref	Actions	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H21	To review leaseholder regulations and services and prepare for new Leasehold Reform Bill.	December 24	41, 42, 44, 45 and 46	Assistant Director of Housing	n/a	Leasehold lead attended leasehold reform awareness session to develop future responsibilities.

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	<ul style="list-style-type: none"> Process map the work of the leasehold team; so that new members of staff clearly understand what needs to be done, and where files are stored, etc. Comprehensive leasehold review to be scoped. Including refresh processes, clear roles and responsibilities and ensure adhered to processes 					<p>Leasehold service review session 5 November with HQN - GBC & WBC colleagues. Agreed the need for fit for purpose processes, procedures & agreed standard and good practice to prepare for new reform. Scope being agreed for HQN to deliver.</p> <p>Whilst this in progress, we anticipate this work will be completed by February 2025.</p>
H22	<p>Ensure appropriate accountancy support for Leaseholder Service Charges</p> <p>An accountant with financial responsibility for Leasehold Service Charges.</p>	September 24	43	Assistant Director of Finance	n/a	<p>Leasehold lead working with Finance and created a service charge project team.</p> <p>No Leasehold Service Charges Accountant currently, Finance agreed to recruit admin post, and awaiting final Job Description.</p>
H23	To undertake an audit and review of all HRA leasehold property let to RPs and charities. Will establish leasehold register, review earlier communication/decisions and confirm next steps.	September 24	47, 48, 49	Assistant Director of Housing	n/a	<p>This has been delayed due to capacity. We now have identified the lead to deliver this work and the audit has commenced.</p> <p>We anticipate this work to be completed by February 2025.</p>
North Downs Housing and other Local Authority Companies						
Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H24	Undertake a review of North Downs Housing.	July 2024 Ongoing	50, 51	Strategic Director Housing, Communities & Environment	Executive Shareholder and Trusts Committee	<p>Paper on NDH: Executive Shareholder and Trusts committee 8 August Review into the future of NDH commenced to include</p>

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						membership of local authority shareholder company Update given at ESTC 28 November
Compliance & Decision Making						
Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H25	Ensure Key Decision reports concerning contracts are presented to the Executive for decision and appear on the Forward Plan.	May 2024	52	Assistant Director of Housing	Forward Plan for Guildford	Housing Managers monitoring procurement and contract renewals. Housing SMT forward plan developed to map report pathways. Executive October 24: Procurement Pipelines report
H26	Prepare for the Procurement Act 2024.	September 24 Becomes Live: February 2025	54	Assistant Director of Finance	Procurement reporting – Executive	Significant work in place New Head of Procurement in post, developing Corporate Procurement Strategy. Procurement Training for Housing staff. Training will include housing related contract case study. Housing staff involved in the drafting of new Procurement toolkit for staff. Procurement created Commercial Network for all staff. Procurement Act 2023 is delayed until 24 February 2025, but the council will not delay its preparations.

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H27	Ensure that Urgency Powers are only used in exceptional circumstances and that the Strategic Director for Housing ensures that the Monitoring Officer agrees that the Urgency Powers are warranted on a case-by-case basis and that there is full constitutional compliance.	May 2024	55	Strategic Director Housing, Communities & Environment	n/a	Can only be used with agreement of Strategic Director and Monitoring Officer
H28	Ensure that all Procurement requirements are followed, and that Housing works closely with the Corporate Procurement Team and Legal Services.	May 2024	6 and 56	Assistant Director of Housing	n/a	Regular joint meetings scheduled and taking place. Procurement dashboard developed.
H29	Set out Planned Housing Works with associated costs reviewed quarterly for progress on planned works and actual to projected costs.	March 2025	58	Assistant Director of Housing	n/a	Planned works is part of the HRA Business Plan Review which will set out the 5 year MTFP for Capital Investment. This will be linked to the procurement pipelines for delivery. It will also form part of the Asset Management Strategy to be developed.

Housing Software Systems

Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H30	Upgrade the Housing Software System and ensure it interfaces with the Corporate Finance System, Business World and Housing Applications (Review of all housing IT systems and future requirements. Link to emerging corporate IT strategy)	2027	61	Strategic Director Housing, Communities & Environment	IT & Digital Board – 7 November CLB: Enterprise Portfolio Board - December 2024 (internal)	Project mandate agreed by housing senior management, and with IT. Exploring recruitment of business analysts and data support: data cleansing

Complaints

Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H31	Clarify and review the Complaints Process ensuring it is a simple and clear process, which puts customers at its heart.	Complete	63	Assistant Director of Communications	Adopted by Chief Executive in consultation with	Complaints Policy updated in April 2024, in line with HO code.

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				& Customer Services	lead councillor 24.04.24	
H32	Analyse complaints and identify themes; so that service and policy improvements can be made.	June 24	64	Assistant Director of Housing	Annual complaints report: Housing Operations Board 31.07	Review complete and service improvements identified Complaints now regularly reviewed at Housing SMT
Agency Staff						
Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H33	Review recruitment, induction and management of all agency staff. To ensure that: <ul style="list-style-type: none"> the relevant software system (Business World) flags when contracts should be reviewed. all agency staff have the references, relevant and necessary qualifications and experience all agency staff disclose if related to or know existing permanent and/or agency staff and councillors all staff policies apply to agency and permanent staff. 	June 24	65, 66, 67 and 68	Assistant Director of Strategy & Corporate Services	n/a	HR review on agency staff Agency staff do follow key policies as part of induction. Relationship policy now in place.
Housing Data, Corporate Property & HRA Land Data						
Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H34	To ensure all HRA land and assets are documented and listed.	March 25	70 and 71	Assistant Director of Housing	TBC	Asset management strategy project mandate is drafted and with internal stakeholders for comment. Initiated work with Procurement & initial market engagement with suppliers.
H35	Housing to liaise with Corporate Assets and Property Team to ensure that maintenance & repairs of Housing garages and Housing car parks are undertaken by the most effective and appropriate services	December 24	72	Assistant Director of Housing	n/a	SLA review to complete by December 24

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Preparation for and Compliance with the Social Housing (Regulation) Act 2024						
Ref	Actions and status	By when?	SOLACE Para	Owner	Governance Mapping	RAG & progress update
H36	<p>Prepare for and comply with the Social Housing (Regulation) Act 2023. Develop data management, improvement plan and processes to adhere to legislative and regulatory requirements with reference to:</p> <ul style="list-style-type: none"> • RSH consumer standards • H&S compliance, • Tenant Satisfaction Measures • Building Safety compliance 	Ongoing	53, 73, 74 and 76	Assistant Director of Housing	n/a	<p>Housing Away Days: June 24, October 24.</p> <p>HQN conducting external assessment against Consumer Standards – findings due 4 December.</p> <p>Following RJ, ongoing engagement with the Regulator of Social Housing to meet standards.</p>
H37	Strengthen and document engagement with tenants and broaden and refresh the representation of TEG (The Tenant Engagement Group).	July 24 (now ongoing)	75	Assistant Director of Housing	Tenant Engagement Group	<p>Numerous TEG sessions have taken place: Introduction to Improvement Plan, vision for TEG & 3 year plan. Shared Regulatory Judgement with TEG. TEG receive monthly email updates on Improvement Plan TEG Constitution in place TEG AGM November</p>
H38	Consider commissioning a Social Housing Management Peer, or independent Review for Consumer Standards.	Completed	77	Assistant Director of Housing	TBC	HQN conducting external assessment against Consumer Standards

GUILDFORD BOROUGH COUNCIL - 3 DECEMBER 2024

THE INDEPENDENT ASSURANCE PANEL'S REPORT TO FULL COUNCIL ON THE CORPORATE IMPROVEMENT PLAN

1. EXECUTIVE SUMMARY

- 1.1 This is the first report of the Independent Assurance Panel (the Panel) to Full Council following its appointment in July 2024. The report reviews the Council's progress in implementing its Corporate Improvement Plan which is a critical document for the authority. The report provides the Council with the opportunity to consider the Panel's comments and recommendations.

2. RECOMMENDATIONS

The Panel recommends that the Council:

- 2.1 Requests the Overview and Scrutiny Committee - Resources to review this report and offer comments on the progress being made with the delivery of the Improvement Plan.

3. PURPOSE AND BACKGROUND

- 3.1 The purpose of the report is to provide the Panel's comments on the Council's progress in implementing its Improvement Plan and is intended to assist the Council in its work to implement the Plan.

- 3.2 In 2023 the Council commissioned two reviews - one into the Housing Management service and the other of the Council's governance. At its meeting in July 2024 the Council received both reports and approved their recommendations. This includes the appointment of an Independent Assurance Panel.

- 3.3 The purpose of the Panel approved by the Council is:

- To provide external advice, expertise and a 'critical friend' function to the Council in driving forward the development and implementation of the Improvement Plan
- To provide an external view to the Council and our residents on the Council's progress on delivery of the Improvement Plan every 6 months
- To provide independent advice to the Chief Executive.

- 3.4 The Council's Improvement Plan has these six themes:

- I. Strategic Direction
- II. Value for Money
- III. Governance

- IV. Culture
- V. Service Delivery
- VI. Housing

3.5 The Panel operates as a collective body, bringing the expertise of its members to the challenges facing the Council. The Panel's members lead on individual areas that are linked across the six themes of the Improvement Plan.

4. THE PANEL'S VIEW ON PROGRESS WITH THE COUNCIL'S IMPROVEMENT PLAN

4.1 Theme 1: Strategic Direction

4.1.1 Following the completion of the SOLACE review the Chief Executive and Strategic Directors moved quickly to develop and propose a new corporate strategy which set out refreshed objectives, priorities and values. The Council approved the new corporate strategy at its meeting in July 2024. This provides a clear direction of travel for the Council which members, employees, contractors and partners can understand as well as a coherent basis for performance management and continuous improvement. Equally, the adoption of fresh values for the authority, along with their active promotion, will contribute to improvements in the organisation's culture. The joint presence of the Executive and Corporate Leadership Board at the recent launch events for the new strategy was a powerful signal about commitment to the new strategy.

4.1.2 The Improvement Plan is a key document in respect of the Council's direction of travel. The Council approved the Plan at its meeting in July and effective action has been taken by the Chief Executive to commence its implementation. This is supported by the appointment of an officer to coordinate all improvement activity relating to the themes of the Plan. Progress with implementation will be a critical factor influencing the Council's ability to deliver its corporate strategy.

4.1.3 As well as appointing the Panel and ensuring it was established promptly, the Council has, through the Chief Executive, ensured that the Panel has been able to carry out its work in line with the terms of reference. The Panel has met monthly since August (i.e. four times so far), and has reviewed progress with the Plan as a whole and the key issues of finance and governance in depth. Members of the Panel feel supported in the work they are carrying out for and with the Council.

4.1.4 All this represents good progress. These are important steps in ensuring the Council complies with Best Value standards.

4.1.5 The challenges and risks that lie ahead in respect of this include:

- i. Maintaining focus on the Council's strategic direction as fresh challenges emerge and are tackled;
- ii. Embedding the strategy and values into service plans and the day-to-day life of the organisation;

- iii. Ensuring the Council's decisions on the budget for 2025/26, the Medium-Term Financial Plan (MTFP) and other strategies (particularly for IT, People and procurement) support the corporate strategy;
- iv. Ensuring the Improvement Plan continues to be fit for purpose.

4.2 Theme 2: Value for Money

- 4.2.1 The Council has demonstrated good progress on many of the actions identified in this section of the improvement plan with many of the initial actions being completed, and with clear plans and target dates set for the remaining areas.
- 4.2.2 One of the recommendations in the Solace report in this area was for the Council to move the status of the senior levels of the Finance team from being temporary or interim staff members to a more permanent staffing establishment. Work on this is in progress with the Section 151 Officer now being permanent and is also now a designated member of the Senior Management Team. The second tier (Deputy Section 151) post is to be filled in the new year. This is welcomed, together with work on developing a more resilient staffing structure at lower levels.
- 4.2.3 The Council's forecasting arrangements for the current year and budget planning for 2025/26 are operating well. With regard to the current year the forecasted half year underspend of £300,000 is noted. A series of 12 budget challenge sessions have been completed and this will be used to both develop and inform potential savings as well as growth items in the 2025/26 budget ensuring that the MTFP is updated, the budget is balanced and that the MTFP remains linked to the Council's core strategies and objectives. Reserve levels remain at a level which provide adequate cover. The budget process has been reviewed by internal audit who commended the process.
- 4.2.4 With regard to the future whilst there is still uncertainty as to both the level of Government support for 2025/26 and future years. It is noted that the Council has commenced work on developing solutions to legacy issues arising from historic investment decisions, with a report being made recently on North Downs housing. However, this is still very much a work in progress in the second area, Weyside Urban village, and the Panel would be willing to assist in assessing options on this area as it could have a significant impact on the Council's revenue budget in later years.
- 4.2.5 In common with most Local Authorities the Council has had the external audit of previous years accounts "backstopped", and work is now underway on the audit of the 2023/24 accounts. The External auditors Value for Money report for the years 2020/1 & 2021/2 was received by the September 2024 Audit and Governance Committee. The Council responded positively to comments made in previous reports.
- 4.2.6 Officers have developed a revised procurement strategy and this will be brought forward soon for approval by Members. The regularising of procurement processes is welcome. With further training to be given to managers in the near future and review of award criteria, this area should assist the Council in both delivering its core strategies and delivering savings.

- 4.2.7 With the volume of work which needed to be undertaken, we acknowledge that there has to be prioritisation and note that work on managing the non-housing property portfolio will not take place until the Summer of 2025. We would suggest that this review should include both management and utilisation of the portfolio.
- 4.2.8 The Challenges and Risks in this area primarily relate to changes to external factors. These include changes to the funding regime from Central Government over which the Council has no control but has mitigated in part by not assuming any increase in cash terms in central government support. Changes in employment costs arising from the October 2024 budget both direct to the Council and to its suppliers which may be mitigated in part by the Treasury and the impact of decisions by other public sector bodies such as the County Council on the borough's service provision and residents.

4.3 Theme 3: Governance

- 4.3.1 A number of recommendations are included in the improvement plan designed to improve the Council's decision-making procedures and processes in order to provide effective governance across the organisation, to ensure that decision making is open and transparent and that decisions are made at the right level, with clear accountabilities and responsibilities.
- 4.3.2 The Council's Monitoring Officer is the Corporate Lead for this strand of the Improvement Plan and has made very good progress in putting in place a decision-making framework for the Council which is fit for purpose. A number of controls have been introduced including a review of the Council's Key Decision and spending thresholds, a review of the Officer Scheme of Delegation and an overhaul of the Council Procedure Rules and the Financial Procedure Rules. Training is planned for late 2024 to embed good decision making and report writing practice and there is ongoing work underway to ensure that all decisions are evidenced and recorded in a consistent way in accordance with public law requirements. A review process now needs to be developed to monitor how decisions are exercised to provide assurance that everyone concerned understands and complies with the new procedural requirements.
- 4.3.3 Progress has been made to improve the quality of officer meetings to ensure that meetings are focussed and that the Corporate Leadership Board (CLB) work and take decisions effectively and in a timely way. The Statutory officers are meeting on a monthly basis and terms of reference have been agreed for senior leadership meetings with minutes recorded. These improvements are welcomed.
- 4.3.4 A key issue highlighted in the Governance Review was the urgent need for the Council to commission and support a development programme for Councillors (particularly Members in leading roles) to support them in building a deeper understanding of their roles and the ability to provide effective scrutiny and constructive challenge. A Joint Member Development Programme was presented to

the Councillor Development Steering Group in October 2024 and will be relaunched with external training for officers and Members on the Best Value Duty as well as training for Members on effective scrutiny. Member training will be introduced on a regular basis before Council meetings to increase attendance at training and to provide regular member updates on new developments. The commitment of Members to this work will be critical to the future success of the Council in realising its ambitions and delivering the improvements it wishes to see.

- 4.3.5 A Joint Constitution Review Group has been established and work is ongoing to review all parts of the Constitution by September 2025. Work is also underway on a review of the terms of reference for a number of the Council's Committees including the Council's Overview and Scrutiny and the Corporate Governance and Standards Committees and a new separate Audit Committee will be in operation from April 2025. The Council's Committee structures have been streamlined to provide greater clarity on where decisions are taken and to improve the scrutiny process.
- 4.3.6 These actions represent good progress in putting many of the foundations of good governance in place. However, significant challenges and risks remain.

Challenges and Risks

- 4.3.7 The scale of the work currently being undertaken to overhaul the Council's governance and decision making processes should not be underestimated and there has been an urgent need for additional resource in the Governance team in order to support the Monitoring Officer in implementing the changes required. The structure for a new Joint Governance Team has been agreed and there are a number of vacancies still to be filled. With her new team in place this should provide greater resilience within the Governance Team and enable the actions within the improvement plan to be progressed in a timely way. This should include appropriate support for the Executive and Senior Officers and regular training sessions for officers and in supporting Members, particularly in fulfilling their Scrutiny function.
- 4.3.8 As with all change programmes there is a cultural shift and a need for greater awareness and understanding of the need for compliance in order to ensure that the Council is complying with its best value duty. In particular there is an urgent need for officers to understand the importance of the Council's Democratic Services Team providing a "gatekeeping" role in relation to the recording and publication of decisions to ensure that decisions are being taken in a lawful and transparent manner.
- 4.3.9 An area of ongoing risk is in relation to the Council's Trustee and Shareholder function for its various Companies, Charities and Trusts. A report was taken to the Executive Shareholder and Trustee Committee in August 2024 to address some of the key actions needed to be taken to regularise its governance and constitutional arrangements as well as work which is required to review the aims and objectives, management arrangements, financial and performance monitoring of these Companies and Trusts. A key area of risk is therefore now ensuring that the Council

understands and undertakes its shareholder and trustee functions and the provision of appropriate support for these functions within the Council.

4.4 Theme 4: Culture

- 4.4.1 The Panel has been impressed by the work undertaken by the Council to address the Culture of the organisation including the setting up of a number of staff networks working across Guildford and Waverley and work on the new Corporate Strategy including launch events and external engagement events with key partners. A new weekly staff engagement forum has been established to encourage a more open, collaborative culture. The introduction of a full staff survey, launched in November, demonstrates progress and will contribute to the new culture that is being engendered. Staff training has been carried out in undertaking employment investigations. The Council has introduced a new Whistleblowing Policy as well as a suite of new policies to address fraud and corruption including a new Money Laundering Policy, and Anti-Fraud & Corruption Strategy, Anti-Bribery Policy, Counter Fraud Policy & Fraud Prosecution Policy.
- 4.4.2 Member Briefings have taken place to ensure that a more open approach is taken in relation to access to information, and to ensure that Members are kept informed of contentious issues, supported by a clear confidentiality duty.

Challenges and Risks

- 4.4.3 One of the key priorities is the review of the HR function to address capacity and capability issues in order to support the Council's improvement agenda. A strong, efficient and professional HR team will be critical to the successful delivery of key strands within the plan, addressing organisational development, including the development and implementation of a Workforce Strategy and the review of the Council's HR policies and procedures.

4.5 Theme 5: Service Delivery

- 4.5.1 Ensuring effective service delivery is central to the Council's work. Whilst it is too early to point to improvements in service delivery, good progress has been made in putting the building blocks in place that will support improvements in the future. First amongst these is the introduction of a new service planning process which is aligned to financial planning. This has brought a new openness, coherence and consistency to the process across the organisation.
- 4.5.2 The introduction of interim performance and risk management systems and a new approach to programme and project management will also contribute to improvements through greater transparency and clearer accountability.
- 4.5.3 The challenges that lie ahead in this area are significant. The Improvement Plan details what needs to be done e.g. completing the review of the way in which cases are managed. The Panel's view is that the Council's officers need to press on with this

work so that Members can be confident that services are being delivered to the level required.

4.6 Theme 6: Housing

- 4.6.1 A substantive housing improvement plan was adopted in response to the Solace Review and the required actions span both the corporate issues as highlighted in the wider Council plan and service delivery issues.
- 4.6.2 The Panel has seen that the Senior Housing Team (SHT) has been fully invested in the improvement journey and is positive about the opportunity to build a housing service which is compliant and will deliver on the expectations of residents. The appointment of Julian Higson as the permanent Strategic Director has brought stability and direction.

Leadership, Governance and Culture

- 4.6.3 The focus in the early months of the housing improvement journey has been on putting in place leadership and governance arrangements, which will be key to sustainable improvement across the housing service. More robust controls have been introduced in financial management and procurement.
- 4.6.4 Positive steps have been taken to promote and begin the process of embedding a performance management culture at all levels of the establishment within the Housing Team. There has been dialogue with staff through awaydays and the staff performance appraisal process, where goals and objectives have been linked to the Corporate Strategy. Mechanisms have been put in place to encourage staff to propose ideas for continuous improvement – this has been a corporate initiative and also specific to housing, by way of a new Housing Volunteers Group.
- 4.6.5 New governance arrangements are now in place to provide for scrutiny and performance management. The SHT is meeting bi-weekly. A review of the KPIs has taken place to ensure appropriate oversight of core service areas and ensure regulatory and legal compliance. A new Member-led Housing Operations Board and Tenant Engagement Group have been constituted and are operational.

Procurement and Financial Management/Control

- 4.6.6 Following on from the serious issues identified through the Solace review in relation to failures in the control of procurement and financial monitoring, the SHT has been driving a more robust approach to budget monitoring and procurement. Procurement training has now been delivered to staff in the Housing Team.
- 4.6.7 The Housing Revenue Account (HRA) business plan is in development to ensure HRA spend is properly prioritised and the budget is sustainable going forward.

4.6.8 A need has been identified to review Housing General Fund budgets to ensure correct appropriation between them and the Housing Revenue Account where services are provided by HRA services for the benefit of other Council services. This has triggered a “deep dive” into the Housing General Fund budgets.

Staffing resource

4.6.9 Actions have been taken to provide a properly resourced and competent workforce. A skills/qualification and training audit is underway. Gaps left by loss of key staff have been filled on an interim basis pending a full structural review, with some key areas of the service, including resident engagement, housing strategy/enabling and project management having new staff resources

Service delivery and compliance

4.6.10 New service-related policies have been developed to help ensure legal compliance and provide consistency in approach.

4.6.11 In terms of service delivery ‘on the ground’ there is still considerable work to do. Those areas where improvement actions are being delivered include workstreams which carry the greatest risk in terms of legal compliance/tenant welfare and reputational risk to the Council. These are:

- Health and safety property compliance, where data relating to properties has now been moved into a dedicated data management system.
- Complaints handling, where work has commenced to manage the information flow between the corporate system and the housing management service, to prevent information being lost between the two, as was the case previously. In addition, fortnightly monitoring is now in place for every case and checking to ensure actions arising from complaints are being picked up.
- Voids management: work has progressed to deal with the backlog of void properties, which is now reducing.
- The number of empty, un-let homes and complaints handling have been a particular source of concern among elected Members and tenants. As such, progress in these areas should help to win back confidence in the service.

4.6.12 An external consultancy, the Housing Quality Network (HQN), has been appointed to independently assess the housing landlord functions against the requirements of the new housing regulatory framework, the findings of which are currently awaited and will inform the Improvement Plan. Process review sessions are underway by HQN for specific areas of the service, including leasehold services and the voids management.

Challenges and risks

4.6.13 There are four main areas of challenge and risk facing the housing service – regulatory intervention; resourcing and capacity; IT systems, data management & integrity; and Member and resident expectations.

4.6.14 **In respect of regulatory intervention** the Panel sees these challenges and risks:

- i. The Council is under regulatory engagement now following its self-referral to the Regulator of Social Housing earlier this year. Any additional improvement measures arising from the Waverly inspection will add to what is already a significant workload for the shared senior management team.
- ii. In September 2024 the Regulator of Social Housing stated its intention to carry out a Regulatory Inspection of Waverley Council in November 2024. Due to the preparation required, this has added considerable further pressure to the Housing team. Where the inspection outcome is that improvements are required, varying degrees of further intervention may follow. This could present further challenges to the Housing Team which has taken positive steps forward in recent months.
- iii. On a positive note, the learning from the inspection, coupled with the outcome of the independent assessment of the service as referred to earlier, will further inform Guildford's improvement plan. The Tenant Satisfaction Measures will also be used to highlight areas for focus.

4.6.15 **In respect of resourcing and capacity** the Panel sees these challenges and risks:

- i. Staffing has been a key issue following the loss of key staff earlier this year. The Senior Housing Team has reported that it has been frustrated by convoluted HR process and recruitment practices. Further, recruitment into the housing sector (especially technical roles) is challenging nationally and more so where there is close proximity to London. Whilst there are highly competent interims in place within the service, this is not a sustainable position either financially or in terms of long-term stability. A comprehensive review of the housing staffing structure is planned. However, there is a risk that key posts will not be filled due to the challenging employment market.
- ii. The Housing service and its plans for improvement would benefit from the improvements now being sought in the HR. Progress with this will support the forthcoming staffing review and resulting recruitment activities in the housing team.
- iii. The current pressures on the Team will require the full support of the Council in ensuring that appropriate resources are available to continue the improvement journey and sustain the improvements coming out of it.

4.6.16 **In respect of IT systems, data management and integrity** the Panel sees these challenges and risks:

- i. The Housing Software system is considered unfit for purpose and does not integrate effectively with other systems including the Corporate Finance system. As a result, Housing staff are required to use manual 'workarounds' to perform basic day to day tasks. This has created frustration, adding to workloads, in particular, asset management functions. There is a pressing need to identify and commission an appropriate IT solution to enable robust data management for housing management and maintenance services.
- ii. Work has begun corporately to scope out a project for the procurement of a new system. However, this is a long and costly project.
- iii. There is also a requirement to review and cleanse data held about the HRA asset, to ensure it is accurate and can be reliably used to provide assurance on the quality of the housing stock and to inform stock investment programmes going forward.

4.6.17 **In respect of Managing Member and Residents' expectations** the Panel sees these challenges and risks:

- i. Whilst it is expected that the improvements made in the areas of complaints and void management will be welcomed, the scale of the Housing Improvement Plan (which covers most housing functions), means that it will take time before improvements are seen by Members and residents. There is a risk that the resource being expended may be viewed as not delivering on tangible results. In turn, this may have a de-motivating effect on staff. Expectations will need to be managed.

4.6.18 The Panel recommends the following key actions as **priorities** to support the delivery of the Improvement Plan:

- i. Complete the review of the staffing structure (target date December 2024) and begin the recruitment process for permanent staff.
- ii. Review the Housing Improvement Plan (January 2025), taking into account the learning from the independent assessment of the housing service against the requirements of the regulatory standards. Apply learning from the Regulatory Inspection of Waverly Council
- iii. Continue to focus on 'high risk' areas of service delivery, including the ongoing work to reduce the number of voids and continuing to improve the complaints handling process, for which consideration should be given to providing training to staff on how to write effective responses to complaints.
- iv. Develop an appropriate procurement pipeline with a focus on future contracts for repairs and maintenance/property compliance.

- v. Complete the review of the Housing Strategy to provide a clear, goal-focused framework for the service and finalise the HRA Business Planning process.
- vi. Commence the development of the Asset management Strategy – undertake a data validation programme to ensure there is clarity on the HRA stock held and its condition.
- vii. Maintain a proactive communications campaign (internally and externally) to show the progress being made.

5 CONCLUSION AND NEXT STEPS

- 5.1 The Panel's view is that the Council's Corporate Improvement Plan is fit for purpose. The Council has made a good start to the delivery of the Plans. Many steps are being taken to put in place robust structures, strategies and systems along with suitable management and staffing arrangements. These will enable the Council to plan and deliver improvement much more effectively and efficiently. This work is mitigating the risk that the Council could fail to meet its statutory duty to deliver Best Value.
- 5.2 Such is the range and depth of the issues and risks the Council faces that much more needs to be done to eliminate this risk. Whilst many actions have been completed, many more need to be commenced. In short, the Council needs to stay the course.
- 5.3 The Panel will continue to meet monthly with Chief Executive and Leader of the Council to review progress with the Improvement Plan and to provide advice on the work the Council is undertaking to deliver the Plan. The Panel will present a further report to the Council at its meeting in June (or July) 2025.

ENDS

Report authors – members of the Panel

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