



HEMINSLEY

INVESTIGATION REPORT FOR WAVERLEY BOROUGH AND GUILDFORD BOROUGH COUNCILS

CONTENTS
PART 1: Background and findings
1. Background
2. Scope
3. Summary Findings
4. Mitigation
5. Police Investigation
6. Subsequent Events
7. Context – Housing Compliance Issues
8. Director Roles and Responsibilities
9. Subordinate Officers
10. Governance Issues and Context
PART 2: Methodology
Annexes
Appendices

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 variation.

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	<p>Director of Service Delivery (including Housing) 2020-August 2022.</p> <p>Joint Strategic Director for Transformation & Governance August 2022-September 2024.</p>	<p>Director responsible for Housing until August 2022. Then Director for Transformation and Governance (which included finance and procurement within its remit).</p> <p>Responsible for implementing 'Phase B' of Future Guildford.</p> <p>Recruited Matt Gough.</p> <p>Signed decision notices for the EICR contract.</p> <p>Received CMB report into 2022 Whistleblow.</p>
Matt Gough	Interim Contractor - February 2021 – September 2023.	<p>Appointed by Ian Doyle.</p> <p>Considered by many to be effectively responsible for material aspects Guildford's Housing service.</p> <p>Contract terminated September 2023.</p>
Officer A	Technical Services Employee.	<p>Contract manager for EICR and Whole House contract.</p> <p>Left 2024.</p>

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 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 Guilford.

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 virements 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 whistleblow). 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