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A cash-strapped council will spend up to £350,000 on an investigation into potential fraud in its housing department.

Guildford Borough Council confirmed police are working alongside an accredited anti-fraud investigation unit to look into the issue, which came to light in July.

Work has begun to look into issues including overspending on contracts and problems with contract management regarding spend, compliance and delivery. While some costs will be met by the council's housing department, such as the costs of interim and agency staff, other costs relating to the investigation and reviewing internal governance will be paid for out of the council's day-to-day budget.

A report, to be discussed at a special meeting of the council's corporate governance and standards committee on Wednesday (November 29), said allegations of potentially fraudulent activity had been raised, which may have caused financial loss to the council.

The report said: "In July 2023, an external investigation team was instructed to consider the allegations that there may have been some wrongdoing within the council in respect of the council's relationship with one or more contractors. An accredited anti-fraud investigation unit is working alongside the police in respect of this matter."

Costs incurred to the council so far include an external investigation team from Reigate & Banstead Borough Council, forensic analysis costs, and legal advice. These costs could reach between £50,000 to £100,000 "dependent upon the volume of legal advice sought". The remaining estimated £200,000-£250,000 would be spent on an internal governance review, including external experts, and "dedicated admin support", according to meeting documents.

As well as pausing and reviewing some contractual works, the council will terminate some contractual arrangements. The report said: "The priority in recent weeks has been to stop the continuation of any potential wrongdoing, whilst supporting the delivery of the service to the council's tenants."

Following initial work to look at the "contract failures, to stop any potential wrongdoing and overspending, and to stabilise the service", the council will now look at the "governance failures" that have occurred.
This will include setting up a Strategic Project Board for housing that the external investigation team will report to at least every month.

The council's leader, Councillor Julia McShane (Lib Dem, Westborough) said Guildford would continue working with external authorities to deal with the matter "efficiently and thoroughly". Cllr McShane, who is also the lead councillor for housing, said: "I understand that this has been a concerning time for our tenants. I want to reassure our tenants that their welfare continues to be our absolute focus. Our officers are working in a robust and diligent manner to ensure that we follow a methodical process throughout this very serious and sensitive matter."

Richard Bates, the council's interim finance chief told a meeting of the corporate governance and standards committee on Thursday (November 16) the number of jobs being looked into in the housing department was "immense".

Speaking before the report for the November 29 meeting had been published, he said officers could not answer many questions relating to the housing department, because they did not want to interfere with the internal and external investigations.

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