
APPENDIX TWO

London Borough of Tower Hamlets
Legal Department
Mulberry Place
5 Clove Crescent
London
E14 2BG

DX Address:
Tower Hamlets Legal Dept.
DX 42656

APPENDIX TWO

Judicial Review Claim Form

In the High Court of Justice
Administrative Court

Notes for guidance are available which explain how to complete the judicial review claim form. Please read them carefully before you complete the form.



<i>For Court use only</i>	
Administrative Court Reference No.	
Date filed	

SECTION 1 Details of the claimant(s) and defendant(s)

Claimant(s) name and address(es)

name
London Borough of Tower Hamlets

address
Mulberry Place
5 Clove Crescent
London
E14 2BG

Telephone no. **Fax no.**

E-mail address

1st Defendant

name
Secretary of State-Dept. of Communities and Local Govt.

Defendant's or (where known) Defendant's solicitors' address to which documents should be sent.

name
The Treasury Solicitor

address
FAO Neera Ghajja
One Kemble Street
London
WC2B 4TS

Telephone no. **Fax no.**

E-mail address
thetreasurysolicitor@tsol.gsi.gov.uk

Claimant's or claimant's solicitors' address to which documents should be sent.

name
David Galpin, Service Head - Legal Services

address
Legal Services
6th Floor Mulberry Place
5 Clove Crescent
London, E14 2BG

Telephone no. **Fax no.**

020 7364 4348 020 7364 4804/4861

E-mail address
david.galpin@towerhamlets.gov.uk

2nd Defendant

name

Defendant's or (where known) Defendant's solicitors' address to which documents should be sent.

name

address

Telephone no. **Fax no.**

E-mail address

Claimant's Counsel's details

name
Jonathan Swift Q.C. (Junior Counsel-Christopher Knight)

address
11 KBW
11 King's Bench Walk
Temple
London, EC4Y 7EQ

Telephone no. **Fax no.**

020 7632 5800 020 7583 9123/3690

E-mail address
jonathan.swift@11kbw.com

SECTION 2 Details of other interested parties

Include name and address and, if appropriate, details of DX, telephone or fax numbers and e-mail

name N/A	
address	
Telephone no.	Fax no.
E-mail address	

name N/A	
address	
Telephone no.	Fax no.
E-mail address	

SECTION 3 Details of the decision to be judicially reviewed

Decision:
The Secretary of State's decision to exercise his powers under Section 10 Local Government Act 1999

Date of decision:
4th April 2014

Name and address of the court, tribunal, person or body who made the decision to be reviewed.

name Secretary of State

address Department of Communities and Local Government Eland House Bressenden Place London, SW1E 5DU
--

SECTION 4 Permission to proceed with a claim for judicial review

I am seeking permission to proceed with my claim for Judicial Review.

Is this application being made under the terms of Section 18 Practice Direction 54 (Challenging removal)?

Yes No

Are you making any other applications? If Yes, complete Section 8.

Yes No

Is the claimant in receipt of a Community Legal Service Fund (CLSF) certificate?

Yes No

Are you claiming exceptional urgency, or do you need this application determined within a certain time scale? If Yes, complete Form N463 and file this with your application.

Yes No

Have you complied with the pre-action protocol? If No, give reasons for non-compliance in the box below.

Yes No

--

Have you issued this claim in the region with which you have the closest connection? (Give any additional reasons for wanting it to be dealt with in this region in the box below). If No, give reasons in the box below.

Yes No

--

Does the claim include any issues arising from the Human Rights Act 1998?

If Yes, state the articles which you contend have been breached in the box below.

Yes No

SECTION 5 Detailed statement of grounds

set out below attached

SECTION 6 Aarhus Convention claim

I contend that this claim is an Aarhus Convention claim

Yes No

If Yes, indicate in the following box if you do not wish the costs limits under CPR 45.43 to apply.

If you have indicated that the claim is an Aarhus claim set out the grounds below

SECTION 7 Details of remedy (including any interim remedy) being sought

The Council seeks:

1. an order quashing the Decision as unlawfully commences prior to the enactment of section 10; or
2. an order quashing the Decision for failure to provide any or adequate reasons; or
3. an order quashing the Decision as irrational; and
4. an order mandating the Defendant to indemnify the Council in respect of any inspection fees charged to it under section 12.

SECTION 8 Other applications

I wish to make an application for:-
N/A

SECTION 9 Statement of facts relied on

Please see attached Statement of Facts and Grounds

Statement of Truth

I believe (The claimant believes) that the facts stated in this claim form are true.

Full name GRAHAM WHITE, on behalf of DAVID GALPIN

Name of claimant's solicitor's firm Legal Services - London Borough of Tower Hamlets

Signed Graham White
Claimant ('s solicitor)

Position or office held Interim Head of Legal Operations
(if signing on behalf of firm or company)

SECTION 10 Supporting documents

If you do not have a document that you intend to use to support your claim, identify it, give the date when you expect it to be available and give reasons why it is not currently available in the box below.

Please tick the papers you are filing with this claim form and any you will be filing later.

- | | | |
|---|-----------------------------------|--|
| <input checked="" type="checkbox"/> Statement of grounds | <input type="checkbox"/> included | <input checked="" type="checkbox"/> attached |
| <input checked="" type="checkbox"/> Statement of the facts relied on | <input type="checkbox"/> included | <input checked="" type="checkbox"/> attached |
| <input type="checkbox"/> Application to extend the time limit for filing the claim form | <input type="checkbox"/> included | <input type="checkbox"/> attached |
| <input type="checkbox"/> Application for directions | <input type="checkbox"/> included | <input type="checkbox"/> attached |
| <input checked="" type="checkbox"/> Any written evidence in support of the claim or application to extend time | | |
| <input type="checkbox"/> Where the claim for judicial review relates to a decision of a court or tribunal, an approved copy of the reasons for reaching that decision | | |
| <input checked="" type="checkbox"/> Copies of any documents on which the claimant proposes to rely | | |
| <input type="checkbox"/> A copy of the legal aid or CSLF certificate <i>(if legally represented)</i> | | |
| <input type="checkbox"/> Copies of any relevant statutory material | | |
| <input type="checkbox"/> A list of essential documents for advance reading by the court <i>(with page references to the passages relied upon)</i> | | |

If Section 18 Practice Direction 54 applies, please tick the relevant box(es) below to indicate which papers you are filing with this claim form:

- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> a copy of the removal directions and the decision to which the application relates | <input type="checkbox"/> included | <input type="checkbox"/> attached |
| <input type="checkbox"/> a copy of the documents served with the removal directions including any documents which contains the Immigration and Nationality Directorate's factual summary of the case | <input type="checkbox"/> included | <input type="checkbox"/> attached |
| <input type="checkbox"/> a detailed statement of the grounds | <input type="checkbox"/> included | <input type="checkbox"/> attached |

Reasons why you have not supplied a document and date when you expect it to be available:-

N/A

a

Signed _____ Claimant ('s Solicitor) _____

**IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
ADMINISTRATIVE COURT**

ClaimNo:

BETWEEN:

**THE QUEEN
on the application of
LONDON BOROUGH OF TOWER HAMLETS**

Claimant

-and-

SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT

Defendant

**GROUNDS FOR REVIEW AND
STATEMENT OF FACTS**

Introduction and Summary

1. The Claimant is the London Borough of Tower Hamlets ("the Council"). The Council has, since 25 October 2010, had a directly elected Mayor.
2. On 4 April 2014 the Secretary of State for Communities and Local Government ("the Defendant") wrote to the Council to inform it that he had appointed PricewaterhouseCoopers LLP ("PWC") to carry out an inspection of the Council under section 10 of the Local Government Act 1999 ("the Decision"). The letter referred to the Defendant having taken into account "*certain documents*" about governance at the Council he had received, and allegations made in respect of the Council in an edition of the BBC's Panorama programme broadcast on 31 March 2014.
3. The letter did not set out the allegations and complaints which had caused the Defendant to take the Decision. Nor has the Defendant since done so. The Defendant also informed the Council that he had made four directions to PWC in relation to the scope of its investigation, but did not explain how, or the extent to which, those directions arose from the allegations to which the Defendant had had regard.

4. The Decision is unlawful and should be quashed because:
 - (1) The Defendant lacked the relevant statutory power to seek a review and recommendations from PWC when he did so, because he acted before the relevant statutory provision came into force;
 - (2) The Defendant has failed to provide any, or any adequate, reasons for the Decision; and
 - (3) On the basis of the limited information available to the Council, the Decision was irrational.
5. The application for permission should be granted. The Council's case is clearly arguable. There is no case law which considers the extent or scope of the section 10 investigation power. Following permission, the claim for judicial review should be granted, and relief in the form set out below ordered.

The Investigation Regime under Section 10

6. Section 10 of the Local Government Act 1999 ("the 1999 Act") provides:
 - “(1) The Secretary of State may appoint a person to carry out an inspection of a specified best value authority's compliance with the requirements of this Part in relation to specified functions.*
 - (2) The Secretary of State may appoint assistant inspectors for the purposes of the inspection.*
 - (3) The appointment of an assistant inspector must be made on the recommendation of the inspector, unless the Secretary of State thinks that the urgency of the inspection makes it necessary to dispense with this requirement.*
 - (4) In carrying out an inspection, the inspector and any assistant inspector must –*
 - (a) have regard to any guidance issued by the Secretary of State generally in relation to inspections, and*
 - (b) comply with any directions issued by the Secretary of State in relation to that inspection”.*
7. Section 10 was amended to take its current form by the Local Audit and Accountability Act 2014, Schedule 10, paragraph 2. This came into force on 4 April 2014 by virtue of article 2(c) of the Local Audit and Accountability Act 2014 (Commencement No. 1) Order 2014 ("the 2014 Order"). The 2014 Order was itself only made on 3 April 2014.

8. Prior to 4 April, the section 10 investigation power fell only upon the Audit Commission. Section 10 relevantly provided:

“(A1) The Audit Commission may carry out an inspection of a best value authority's performance of its functions or of any particular function or functions.

(1) The Audit Commission may, in particular, 2 carry out an inspection of a best value authority's compliance with the requirements of this Part.

(2) If the Secretary of State directs the Commission to carry out an inspection of a specified best value authority's compliance with the requirements of this Part in relation to specified functions, the Commission shall comply with the direction.

(3) Before giving a direction under subsection (2) the Secretary of State shall consult the Commission.”

9. The Council is a best value authority: section 1. This means that it must comply with the provisions of Part I of the 1999 Act, the principal duty of which is contained in section 3(1), which provides:

“A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”

10. Once an inspector has been appointed under section 10, he has rights of access at all reasonable times to the premises of the Council and to any document *“relating to the authority which appears to him to be necessary for the purposes of the inspection”*: section 11(1)(b). The inspector may require persons to provide information or a particular document: section 11(2). The Council must provide to the inspector every facility and all information which he may reasonable require for the purposes of the inspection: section 11(3). The inspector must, however, give three clear days' notice of any requirement under the section: section 11(4). Failure to comply with a requirement of an inspector without reasonable excuse is a criminal offence: section 11(5).

11. Section 12 provides that:

“An authority inspected under section 10 must pay the reasonable fees of the inspector for carrying out the inspection.”

12. Having completed his inspection, the inspector must issue a report, which must mention any matter in respect of which the inspector believes the Council has failed to comply with a provision of Part I, and may recommend that the Secretary of State give a direction to the

Council: sections 13(1)-(2). The report is sent to the Council and may be published: section 13(3).

13. Section 15 applies where the Secretary of State is satisfied that the Council is failing to comply with the requirements of Part I. It entitles the Secretary of State to direct:

(a) the Council to “*carry out a review of its exercise of specified functions*”: section 15(2);

(b) a local inquiry be held: section 15(3);

(c) the Council to “*take any action which he considers necessary or expedient to secure its compliance with the requirements of this Part*”: section 15(5); and/or

(d) that a specified function be exercised by the Secretary of State or his nominee: section 15(6).

Before giving a direction the Secretary of State will give the Council the opportunity to make representations about the report and any proposed directions, except in cases of urgency: sections 15(9) and (11).

14. Section 151 of the Local Government Act 1972 requires the Council to “*make arrangements for the proper administration of their financial affairs*”.

The Decision

15. The Defendant’s Decision to appoint PwC to inspect the Council was formally made in a letter of appointment to PwC dated 4 April 2014. It appointed PwC to carry out an inspection of the Council’s compliance with its best value obligations “*in relation to the authority’s functions in respect of governance, particularly the authority’s functions under section 151 of the Local Government Act 1972*” [MSG1, pp.16-17].

16. The letter stated that the Defendant had had regard to “*certain documents that the Department has received about governance*” at the Council, “*and the review of those documents undertaken by PwC, which recommends that appropriate further investigations are carried out to establish whether the allegations about poor governance and possible fraud have any foundation*”. The Defendant stated that he had also had regard to the BBC’s Panorama

programme of 31 March 2014 which “*made allegations about governance failures, poor financial management and possible fraud...particularly in relation to grant payments*”.

17. The Defendant then directed PWC “*in relation to their undertaking the inspection*”. Those directions were:

(1) That the matters “*to be covered initially by the inspection should in particular relate to: the authority’s payment of grants and connected decisions; the transfer of property by the authority to third parties; spending and decisions of the authority in relation to publicity, and the authority’s processes and practices for entering into contracts*” (“the Directed Categories”).

(2) That the relevant period was from 25 October 2010, when the Mayoral form of government commenced, to the present.

(3) That PWC was directed to report its findings by 30 June 2014, or such later date as might be agreed with the Defendant.

18. The letter to the Council of the same date set out materially the same content as the letter of appointment. It also noted that some documents had been provided to the Metropolitan Police [MSG1, pp.14-15].

19. By a further letter of 4 April 2014, PWC wrote to the Council with its “*initial information/documentation requirement*”, which sought a very wide variety of information relating to each of the Directed Categories [MSG1, pp.18-22].

20. The Defendant’s pre-action response letter of 19 June 2014 at paragraph 20 [MSG1, pp.66-67] quotes a passage from a review conducted by PWC of the documents the Defendant had which concluded that an inspection should be carried out to consider whether the allegations were well-founded. The Council has never been provided with a copy of that review, or been told its date.

21. As set out in further detail in the Witness Statement of Mr Sullivan-Gould (at paragraphs 25-34), the Interim Monitoring Officer of the Council, the Council promptly entered into correspondence with the Department concerning the basis and scope of the inspection. On 10 April 2014, Mr Halsey wrote to the Defendant to request that the Department: supply copies

of the documents the Defendant stated he had had regard to; provide specifics of the allegations which were the subject of the inspection; which allegations broadcast in the Panorama programme were taken into account; what particular events had caused the Defendant to appoint inspectors; and what documents had been provided to the Metropolitan Police. Mr Halsey confirmed that the Council had met with PWC and would co-operate with the inspection [MSG1, pp.23-24].

22. The Defendant's reply of 17 April 2014 [MSG1, pp.16-17] did not answer any of the queries raised by the Council and declined to provide the underlying material on the basis that some – namely the Panorama programme – was in the public domain and it would be a breach of confidence, and would risk impeding the inspection, as well as any future police investigation, to disclose the "*Other material*" the Department had. On the same day, the Defendant issued a press release which referred to the inspection as being "*into the probity of the controversial mayoral administration in Tower Hamlets*" [MSG1, p.31].
23. Mr Sullivan-Gould replied by letter dated 8 May 2014 objecting to the stance of the Defendant [MSG1, pp.36-38]. He noted that the Metropolitan Police had publicly announced that there was "*no credible evidence of criminality*" [MSG1, p.26]. He also noted that the Defendant had made no attempt to provide information which would not impede the inspection, even if that were a risk, or any of the material which was not confidential, or considering whether the substance of the allegations could nonetheless be provided. As set out in more detail in his Statement, Mr Sullivan-Gould also raised that the performance by PWC of its inspection appeared to be going well beyond the scope identified in the Directed Categories. In particular, PWC had requested all emails sent and received by 27 Councillors, and 47 Council officers. None of the inspected Councillors were Conservatives. All were members of the Labour Party, the Liberal Democrat Party or were Independents (as is the Mayor). Moreover, the scope of PWC's inspection was unfeasibly wide and included, for example, every Right to Buy sale and grant of a tenancy the Council had made since October 2010.
24. The Defendant's response to this letter, dated 14 May 2014 [MSG1, pp.41-43], sought to widen the scope of the inspection being carried out. It characterised the inspection as "*wide-ranging*" and covering "*any matter relating to the arrangements your Council has made and operated for its governance*" [MSG1, p.41]. The Directed Categories did not, it was said, restrict PWC. It referred to PWC having recommended the inspection. The letter then purported to give the Defendant's reasons for the Decision which were no more than a recitation of the 4 April letter, with the additional assertion that "*serious doubt*" had been cast

on the Council's compliance [MSG1, p.42]. The Defendant placed responsibility for the conduct of the inspection solely with the inspectors themselves.

25. The Council wrote a pre-action letter on 2 June 2014 [MSG1, pp.50-57]. The Defendant responded on 19 June 2014 [MSG1, pp.60-70].
26. The Council understands that PWC will not issue its report by the directed date of 30 June, and that it is now intended that a report may be produced by mid-July.

Lack of Power to Commence the Inspection

27. The Defendant has stated, in both the 4 April 2014 letter to the Council [MSG1, p.14], and in its pre-action response[MSG1, pp.66-67], that a review of the documents it possessed had been carried out by PWC which recommended that an inspection take place. This documentation has not been provided to the Council. It is assumed that the process of the Defendant providing the documents containing the allegations to PWC, and PWC reviewing those allegations to recommend further investigations, was done in order to comply with the Defendant's duties in sections 10(2) and (3) in relation to the appointment of assistant inspectors.
28. However, although the initial role of PWC is not dated, it is inherently implausible that this would have taken place on 4 April 2014, being the same day that the Defendant made the Decision and appointed PWC. A BBC news report on 31 March 2014 records the Defendant stating that "*he would ask his experts to review Panorama's analysis in detail*" [MSG1, p.6].
29. PWC's review process must therefore have taken place prior to 4 April 2014.
30. However, prior to 4 April 2014, the Defendant had no vires to exercise the section 10 power at all. The section 10 power existed only in respect of the Audit Commission. Prior to 4 April, the Defendant could direct that an inspection take place, but that direction could only be made to the Audit Commission, having consulted the Audit Commission.
31. In breach of section 10 as in force before 4 April, the Defendant provided information to, and sought the recommendations of, a body which had no relevant statutory function. Prior to 4 April, the only body with whom the Defendant could lawfully seek assistance in respect of a section 10 inspection was the Audit Commission. If the Defendant was attempting to comply with sections 10(2) and (3) by seeking the recommendations of PWC, he has acted ultra vires

because at the time he so acted the relevant provisions were not in force. Indeed, until the 3 April 2014, there was not even a statutory instrument in place which was to bring the amendments into force.

32. The process adopted by the Defendant, whereby he enacted the 2014 Order to come into effect the following day, suggests a concerning desire to act under a process which gave the Defendant greater power and control, rather than the independent and expert Audit Commission role under the extant section 10. In his haste, the Defendant took steps between 31 March and 3 April 2014 he had no power to take, because they were contrary to the extant statutory scheme.
33. Accordingly, the Decision was made based upon an recommendation from PWC which was obtained ultra vires. The Decision itself was unlawful and must be quashed.

The Failure to Give Reasons

34. The Defendant has unlawfully failed to provide any, or alternatively any sufficient, reasons for the Decision.
35. The Council accepts that there is no general duty to give reasons at common law. However, a duty to provide reasons has been found in various statutory contexts, where it is an aspect of the duty to act fairly: *R v Secretary of State for the Home Department, ex p Doody* [1994] AC 531, 560 *per* Lord Mustill. In the context of the onerous decision to instigate a section 10 inspection, it is important that the best value authority fairly understand why that decision has been taken.
36. Fairness requires adequate reasons to be provided for the Decision because:
 - (1) On any view, the instigation of a section 10 inspection into a body with elected officials is a very serious step. The intrusion of central government into the actions of local government is a matter which must be carefully justified. The need for justification is all the more pressing where the inspection is ordered to take place during the local government and Mayoral elections, in order to avoid any suspicion of party political bias.
 - (2) Without reasons, the Council has no way of knowing whether the Defendant has fairly set the scope of the inspection. It is difficult for the Council to challenge, or even understand

whether it can challenge, the Decision without understanding why the Defendant has set the scope of the inspection in the way that it has: *R (Savva) v Royal Borough of Kensington and Chelsea* [2010] EWCA Civ 1209; [2011] LGR 150.

- (3) It is the Council which must fund the inspection: section 12. Without reasons, it is being required to pay for something it does not understand, cannot challenge and may run into hundreds of thousands of pounds: Witness Statement of Mr Sullivan-Gould (paragraphs 31 and 36), [MSG1, pp.39-40, 45]. Correspondence from the Secretary of State sent immediately before the issue of this claim was only prepared to estimate that the costs of the inspection would be “*within £1 million*”, but without any explanation of how that sum had been reached.
- (4) It is a criminal offence to fail to comply, without reasonable excuse, with a requirement of an inspector: section 11(5). Without reasons which explain the basis and scope of the Decision, Council officials are unable to understand or seek advice on whether an inspector’s requirement was lawfully made, or whether the official has a reasonable excuse for non-compliance. The Defendant’s approach has in practice meant that on a number of occasions the Council has sought to query with PWC the breadth of a request it has made, but has been unable to advise officers with sufficient certainty that they can decline to comply: see the Witness Statement of Mr Beattie (paragraphs 28ff).
- (5) There is nothing in the statutory scheme of Part I which suggests that the provision of adequate reasons for a section 10 inspection is inconsistent with the intention of Parliament. The only aspect of the scheme which requires the giving of reasons is where the Defendant gives a section 15 direction without having given the authority the opportunity to make representations: section 15(12).
- (6) The Defendant has explained the Decision in press releases in ways which are inconsistent with the Decision itself. Without reasons for the Decision, the Council, and the public, are unable to reconcile the Defendant’s positions.
 - (a) On 17 April, the Defendant described the Decision as one which initiated “*an inspection into the probity of the controversial mayoral administration in Tower Hamlets*” [MSG1, p.31]. This is entirely different language to that used in the Decision. It is not understood whether this suggests a different test, or how, if it all, it is to be aligned with non-compliance with the Council’s best value duty.

(b) On 4 April, the Defendant issued a press release which specifically stated that PWC would “*look into evidence of the authority’s payment of grants, the transfer of property, spending decisions in relation to publicity, and other contractual processes*” [MSG1, p.10]. These are the Directed Categories. That public statement is wholly at odds with the assertion on 14 May, maintained in the pre-action response letter, that the inspection was not limited to the Directed Categories and was more “*wide-ranging*” [MSG1, p.41].

(c) In the 4 April press release the Defendant is personally quoted as saying that the inspection was to enable “*local transparency, scrutiny and accountability*” [MSG1, p.11]. The Council abides by and seeks to uphold those principles. But the Defendant’s refusal to provide reasons suggests that he is holding the Council to a standard he is not himself prepared to meet.

37. All the Defendant has been prepared to do is to assert that he has documents which contain potentially serious allegations worthy of investigation, which go to governance and therefore the section 3 best value duty. This leaves the Council unable to understand:

- (1) What the allegations are which have been made privately to the Defendant;
- (2) Which of the allegations made in the Panorama programme are relied upon;
- (3) How the allegations relate to the governance of the Council generally;
- (4) How the allegations relate to the Directed Categories; or
- (5) How the allegations relate to the Council’s best value duty.

Accordingly, in breach of the principles set out in *South Buckinghamshire DC v Porter (No.2)* [2004] UKHL 33; [2004] 1 WLR 1953 at [36] *per* Lord Brown, the reasons given do not deal with the substantial points, do not enable the Council to understand why the Decision was reached or what the conclusions were on the principal issues, and do not allow the Council to discern whether there has been any error of law.

38. The Council has never suggested that the Defendant is required to provide reasons which reveal genuinely confidential information, or would genuinely impede the inspection. It recognises there may be sensitivities in the Defendant acting in this area. In some circumstances it would be appropriate for the Defendant to disclose the documents relied upon themselves as an aspect of procedural fairness, but without even an indication of the

contents of those documents it is impossible for the Council to know whether disclosure would be appropriate.

39. Fairness requires that the Council be provided with reasons for the Decision, which provide at least the gist of the allegations which were considered to require investigation. Without this, the Council is wholly unable to know whether the scope of the inspection has been set unreasonably, or whether the conduct of the inspection by PWC is unreasonable.
40. In the present case, it is impossible to understand why the Defendant persistently refuses to explain: what of the publicly made allegations in the Panorama broadcast he has had regard to; what other material which is in the public domain he has had regard to (if any); why to disclose the material he has been sent would be a breach of confidence, or would impede the investigation; and what even the gist of the specific allegations made against the Council are. Nor has the Defendant explained why he appointed PWC by reference to the specific Directed Categories on 4 April 2014, but by 14 May 2014 was asserting to the Council that the inspection was widespread and related to any matter of governance.
41. The failure to provide reasons for the Decision, or, alternatively any adequate reasons for the Decision, means that the Decision was unlawful and should be quashed. Moreover, the failure to provide adequate reasons must lead to the conclusion that the Decision was irrational.

The Irrational Use of Section 10

42. The power given the Defendant by section 10 of the 1999 Act, although wide, must be exercised rationally and for the purposes Parliament intended. Section 10 does not create a power to commence an inspection and issue directions at large; the inspection must be into the compliance of the Council with the requirements of Part I of the 1999 Act, i.e. the section 3(1) best value duty.
43. The Decision is expressly for an inspection in relation to the Council's functions "*in respect of governance*", and particularly section 151 of the 1972 Act. The Decision does not anywhere explain what aspects of Part I of 1999 Act are suspected of not having been complied with, let alone how.
44. In the pre-action response letter, the Defendant seeks to explain the position by suggesting that where there has been a failure of governance, poor financial management or incidents of fraud, "*it is almost inevitable that appropriate arrangements have not been made to secure*

continuous improvement”, and they are “*paradigm manifestations of an authority’s failure to comply with its best value duty*”: paragraph 13 [MSG1, p.64].

45. While the Council accepts failures of governance or poor financial management may be a breach of the section 3 duty, it is by no means inevitable that they would be. Both categories are extremely broad. Incidents of fraud will inevitably breach section 3, but as the Metropolitan Police have publicly disclaimed that the material supplied to them (but not to the Council) by the Defendant provides “*any credible evidence of criminality*” [MSG1, p.26], fraud cannot be a matter upon which the Defendant can continue to rely. Yet, the inspectors themselves appear to have been proceeding on the basis that it was fraud they were looking for: Witness Statement of Mr Beattie (paragraphs 33-35).
46. The Defendant has failed to explain how a general inspection in respect of governance is for the only permitted purpose of investigating compliance with Part I of the 1999 Act. In the absence of such an explanation, the conclusion the Court must draw is that there is no rational connection made by the Defendant, and the use of section 10 should be quashed.
47. Furthermore, in the absence of any reasons or explanation on the part of the Defendant, it is impossible to understand whether or not the Defendant has rationally based his Decision upon the material before him, or whether the scope of the Decision irrationally extends beyond that material. The Court cannot be satisfied that the Defendant has rationally set the scope of the inspection.
48. For example, if none of the material taken into account by the Defendant raised allegations concerning “*the transfer of property by the authority to third parties*”, then including it as a Directed Category would be irrational.
49. The failure of the Defendant to explain the scope of the inspection, or to rationally set that scope, has led to PWC seeking information with little apparent rational connection to the Directed Categories or the purpose of the inspection more generally. In particular, the bulk request for emails sent and received by Councillors over a 4 year period, which targets councillors on an apparent party political basis is of considerable concern. Alongside the rushed enactment of the 2014 Order, and the Decision to proceed with such a sensitive inspection across an election period, neither the Council nor the Court can be confident that the Defendant did not take into account illegitimate and irrelevant party political considerations in reaching his Decision.

50. In the circumstances, the Court cannot be satisfied that the Defendant has rationally exercised his power to order an inspection of the Council, because:

- (1) There is no information as to how it is said that the Council may have breached its best value obligations under Part I of the 1999 Act;
- (2) There is no information as to whether the inspection into governance generally set a rational scope for the inspection;
- (3) There is no information as to whether the Directed Categories set a rational scope for the inspection;
- (4) There is cause for concern as to whether the Defendant has regard to irrelevant party political considerations; and
- (5) There is no information as to whether the scope of the inspection permits PWC to conduct its investigation in the manner that it has.

51. The Claimant reserves the right to amend or add to these Grounds in the light of any further information it receives from the Defendant.

Promptness

52. In his pre-action response letter, the Defendant suggested that the Council had not acted promptly. As the detailed recitation of correspondence between the parties shows, the Council has repeatedly (10 April, 8 May, 2 June 2014) sought to obtain further information and reasons from the Defendant in relation to the Decision. The ability of the Council to commence legal action on such a sensitive matter was also curtailed by the local government and Mayoral elections on 22 May 2014.

53. Having been unable to do so, even following the pre-action protocol, the Council duly filed this claim within the three month time period. The Council acted promptly in pursuing its complaint, and then its claim, in all the circumstances. In any event, there is no prejudice to the Defendant.

Relief

54. The Council seeks:

- (1) An order quashing the Decision as unlawfully commenced prior to the enactment of section 10; or
- (2) An order quashing the Decision for failure to provide any or any adequate reasons; or
- (3) An order quashing the Decision as irrational; and
- (4) An order mandating the Defendant to indemnify the Council in respect of any inspection fees charged to it under section 12.

JONATHAN SWIFT QC
CHRISTOPHER KNIGHT

11KBW

1 July 2014

Claimant – London Borough of Tower Hamlets

Witness Statement of Michael David Sullivan-Gould

Made: 1 July 2014

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
ADMINISTRATIVE COURT

B E T W E E N:

**THE MAYOR AND THE BURGESSES OF
THE LONDON BOROUGH OF TOWER HAMLETS**

Claimant

- and -

**SECRETARY OF STATE
FOR COMMUNITIES AND LOCAL GOVERNMENT**

Defendant

WITNESS STATEMENT OF MICHAEL DAVID SULLIVAN-GOULD

I, **MICHAEL DAVID SULLIVAN-GOULD**, of the London Borough of Tower Hamlets, Mulberry Place, 5 Clove Crescent, London, E14 2BG, WILL SAY AS FOLLOWS:-

1. I make this witness statement based on my personal knowledge, discussions with colleagues, information that I have gathered from Council records and my own professional experience and expertise. I was in continuous local government service between 1979 and 2007 and I qualified as a solicitor after training at Leicester City Council. I

have had increasingly senior roles with Devon County Council, Winchester City Council, Basingstoke & Deane Borough Council and the London Borough of Hackney. I have been involved with advising upon and undertaking the statutory Monitoring Officer role since it was created by section 5 of the Local Government, Housing and Planning Act 1989. In 2007 I was the National President of the Association of Council Secretaries and Solicitors. Since 2007 I have undertaken assignments with various local authorities and I have been an Independent Member of the Standards Committee of the New Forest National Park Authority. I re-entered local government service on 20 January 2014 when I joined the London Borough of Tower Hamlets as its Interim Monitoring Officer.

2. I make this statement in support of the application of the London Borough of Tower Hamlets ("the Council") for judicial review of the decision of the Secretary of State for Communities and Local Government ("the Secretary of State") to undertake an inspection of the Council under section 10 of the Local Government Act 1999 ("the 1999 Act"), as amended by the Local Audit and Accountability Act 2014. This decision was taken on, and communicated to the Council on, 4 April 2014 ("the Decision").
3. Copies of the key documents and correspondence to which I refer throughout my statement are to be found in exhibit "MSG1". Numbers in [brackets] are references to the paginated documents in "MSG1".

Introduction

4. These proceedings are being commenced because the decision of the Secretary of State risks undermining public trust and confidence in the Council, whilst creating a large financial liability for the Council which is entirely outside of the Council's control and for which there is no budget. While I, and the Council, accept and understand that the power of inspection contained in section 10 of the 1999 Act is an important

one for the Secretary of State to possess, the considerable potential impact it can have on a local authority means that its exercise must be of utmost care.

5. In this case, the Secretary of State has failed to explain the reasons why the Decision has been taken in such a way as to allow the Council to understand how the Decision has been reached. As a result, the Council, and its local residents, are unable to know whether the Decision is a reasonable and proportionate response to expressions of concern about the governance of the Council.
6. As a consequence, it is my view that the Secretary of State has acted unlawfully in failing to provide reasons, or adequate reasons, for his Decision. Without those reasons, neither I nor the Council can be confident that the Decision was a rational one.
7. The inspectors, Pricewaterhouse Coopers LLP ("PwC"), have deployed up to 24 forensic accountants at the Council. They have spent almost three months studying the Council's records and interviewing staff and been provided with over one million pages of data, at their request. The legislation provides that it is the Council that must bear the reasonable costs of such inspections. The witness statement of my colleague, Robin Beattie, provides evidence of the scale of the inspection that has been undertaken. The correspondence between the Council's Director of Resources and the response on behalf of the Secretary of State [39-40 & 45] indicates that PwC are under no constraint as to the amount of fees they may seek from the Council under section 12 of the 1999 Act.

Allegations against the Council

8. It is a matter of considerable concern that during my time as Interim Monitoring Officer, the Council and the Mayor have been the subject of

a number of allegations of malpractice or misfeasance. So far as I have been able to determine, these allegations have been baseless.

9. I became aware of allegations of malpractice at the Council when I read a Sunday Telegraph article (published on 19 January 2014), headlined: 'Borough of Tower Hamlets – a byword for sleaze' [1-4]. As the incoming Monitoring Officer for the Council on the following day, I considered that I needed to examine the allegations that had been published and to establish whether I was under a personal statutory obligation to make a report, under section 5 and/or 5A of the 1989 Act, that it appeared that there had been unlawful behaviour or maladministration causing injustice.
10. I found that the allegations were not new and that they had been previously investigated within the Council and found to be baseless. I reviewed the investigation documentation and held discussions with the members of the Council's staff that had been involved in the various matters and concluded that the allegations were not substantiated and required no action.
11. On joining the Council, I became aware that the BBC Panorama programme had commissioned a film from the well-known investigative journalist, John Ware, into mayoral governance in English local government. He was interested in how that system worked in Tower Hamlets where there had been a referendum in May 2010 which approved a change to the directly elected Mayor form of governance, as permitted by the Local Government Act 2000. The Council's first directly elected Mayor, Lutfur Rahman, was elected in October 2010. The Council had been providing information to Mr Ware to assist in his investigation.
12. However, in February 2014, the Council received a dossier of material from a researcher who had been employed by Mr Ware's organisation which indicated that the proposed programme was not, as had been

previously understood, an examination of how mayoral government was working in English local government but rather was solely focussed on the conduct and character of the elected Mayor of Tower Hamlets. Mr Ware confirmed that it was intended that the programme should be broadcast before the Mayoral election to be held on 22 May 2014 when the Mayor was submitting himself for re-election. There was a concern that the programme should be both factual and fair and that the BBC should be held to its charter obligations not to show political partiality in the run-up to an election.

13. Considerable effort was made to provide Mr Ware with Council records about decisions that he was investigating and to answer various questions that he had so that he could make a fair programme. There was corresponding effort with the BBC to ensure that they were aware of the Council's understanding of their charter obligations and of the provisions of the Representation of the People Act 1983 which govern comment upon the character or conduct of a candidate for election.

The Involvement of the Secretary of State

14. On 31 March 2014, BBC London News published an article by Mr Ware which indicated what the Panorama programme about Tower Hamlets was going to include when it was broadcast that evening. Mr Ware's article [5-7] indicated that material had been given to the Department for Communities and Local Government ("the Department") and that the Secretary of State was going to consider investigating the matters raised with him.

15. From previous involvements on behalf of local government lawyers with the Government I was aware that such matters would come within the scope of Paul Rowsell, the Deputy Director – Democracy at the Department and I wrote to him by email [8-9] offering co-operation. I have had no response from Mr Rowsell to that offer.

16. I should say that at the time of writing to Mr Rowsell, I was contemplating that the Secretary of State would be considering either an informal enquiry as part of the usual liaison arrangements between Councils and the Department or some statutory engagement using one of the following statutory routes:

- a. Ordering a local inquiry under section 250 Local Government Act 1972;
- b. Making a referral to the Local Government Ombudsman under the Local Government Act 1974;
- c. Directing a Best Value Audit by the Audit Commission under section 10(2) of the Local Government Act 1999 (after consulting the Commission, as required by section 10(3) in accordance with statutory guidance); or
- d. By requiring the Audit Commission to direct an extraordinary audit of the Council under section 25 of the Audit Commission Act 1998, having given the Council three days' notice, as required by statute.

17. I did not anticipate that the Secretary of State would on 3 April 2014 take powers to implement certain provisions of the Local Audit and Accountability Act 2014 including section 34 and Schedule 10 of that Act with effect from the following day by enacting the Local Audit and Accountability Act 2014 (Commencement No 1) Order 2014. The 2014 Order repealed and replaced section 10 of the 1999 Act, removing the role of the Audit Commission, and permitting the Secretary of State to appoint inspectors of his choosing. This meant that he could, on 4 April 2014, formally make the Decision to which this claim is directed.

The Decision

18. On 4 April 2014, the Council, by its Head of Paid Service, received a letter of the same date from the Permanent Secretary of the Department for Communities and Local Government [14-15] explaining that the Secretary of State had appointed PwC to carry out an

inspection under section 10 of the 1999 Act. That letter enclosed an appointment letter addressed to Will Kenyon of PwC [16-17] and was accompanied by a letter to the Council from that firm [18-22]. It is the letter to Mr Kenyon of PwC which forms the Decision of the Secretary of State, although the letter to the Council is very similar terms.

19. The only reasoning provided by the Secretary of State in his correspondence of 4 April is that he had had regard to "*certain documents that the Department has received about governance in Tower Hamlets*", and a review of those documents by PwC, and the BBC Panorama programme of 31 March 2014. No explanation is provided as to what those "*certain documents*" contained, let alone the documents themselves. No information was provided about the review conducted by PwC at all. I assume that given the Decision was taken on 4 April 2014, the review of PwC must have been on an earlier day. (Indeed, the BBC story on 31 March suggests that the Secretary of State had or was intending to ask PwC to review the material passed to him by 31 March [6].) Nor does the Secretary of State specify which of the allegations made in the Panorama programme he had regard to.

20. Accordingly, when the Decision says that an inspection has been ordered into the Council's "*functions in respect of governance*" to inspect the "*compliance of the authority known as the London Borough of Tower Hamlets with the requirements of Part 1 of the 1999 Act*", I find it very difficult to see that as anything other than an assertion on the part of the Secretary of State.

21. Contained within the Decision were directions made to PwC:

(a) That the matters "*to be covered initially by the inspection should in particular relate to: the authority's payment of grants and connected decisions; the transfer of property by the authority to third parties; spending and decisions of the authority in relation to publicity, and the authority's processes and practices for entering into contracts*".

(b) That the relevant period was from 25 October 2010, when the Mayoral form of government commenced, to the present.

(c) That PWC was directed to report its findings by 30 June 2014, or such later date as might be agreed with the Defendant.

22. Along with the Decision, the Secretary of State issued a press release [10-13]. That press release included the comment in the 4 April letter to the Council that the Secretary of State had passed "*certain material*" to the Metropolitan Police for consideration. No indication was provided as to what this material was, or what allegations were contained within it. The Metropolitan Police later issued a statement on 16 April 2014 that: "*There is no credible evidence of criminality within the files to provide reasonable grounds to suspect that fraud or any other offence has been committed at this stage.*" [25-27]

23. The commencement of a section 10 inspection was a matter of very considerable concern to the Council. It expressly, and publicly, called into question the compliance of the Council, but in a manner which gave us no understanding of precisely what concerns had led the Secretary of State to act. In addition, the inspection would take place during the Mayoral election, which inevitably gives rise to concern in some quarters about the political neutrality of the Decision.

24. Accompanying the Decision was a letter from Mr Kenyon to the Head of Paid Service, which attached the "*initial information/documentation requirement to assist the early stages of our Inspection. We also attach a document and data preservation notice*" [18-22]. That 'initial' requirement was extremely broad. It sought, for example, a complete list of all contracts let by the Council over the value of £10,000, including the date, the value of the goods/services, the counterparty details, the value and all documentation of policies and procedures relating to tenders for such contracts. The Council has no choice but to

comply. Failure to comply with a requirement of an inspector, without reasonable excuse, is a criminal offence.

Subsequent Correspondence

25. Ever since the Decision, and the commencement of the inspection by PwC, the senior officers of the Council have been in contact with the officials of the Secretary of State in an attempt to better understand what led to the inspection, and what the scope of the inspection is.

26. The Council's Head of Paid Service wrote to the Permanent Secretary on 10 April 2014 [23-24]. He noted that he had met with PwC on 4 April and intended to co-operate with them, but sought clarification from the Secretary of State. He requested that the Secretary of State: supply copies of the documents the Defendant stated he had had regard to; provide specifics of the allegations which were the subject of the inspection; which allegations broadcast in the Panorama programme were taken into account; what particular events had caused the Defendant to appoint inspectors; and what documents had been provided to the Metropolitan Police.

27. A response was received on 17 April [28-29]. In my view, it did not answer any of the queries raised by the Council. The response declined to provide the underlying material on the basis that some was in the public domain, and that to disclose some would be a breach of confidence, and would risk impeding the inspection, as well as any future police investigation, to disclose the "*other material*" the Department had. This did not prevent a further press release being issued by the Department [30-35] on the same day which referred to the inspection as being "*into the probity of the controversial mayoral administration in Tower Hamlets*" [31]. This is not wording I am aware of having been used to the Council's requests for an explanation of the Decision and I do not understand why it was used in a press release but not in official correspondence.

28. On 8 May 2014, I wrote to the Permanent Secretary [36-38] at some length taking issue with the approach which the Secretary of State had adopted in response to the Council's attempt to understand the basis of the inspection. In addition, I raised a number of very concerning aspects of the scope of PwC's inspection, which is outlined in more detail in the statement of Mr Beattie. I received a response from Mr Rowsell on 14 May 2014 [41-44].

29. Mr Rowsell's letter in reply was the cause of considerable concern to me. Up to this point, the Council had understood that the scope of the Decision was focussed around the particular areas which the Secretary of State had directed the inspectors to consider. Indeed, that was what the Department's press release had said on 4 April [10]. Mr Rowsell insisted that the inspection was in fact more "*wide-ranging*" and covered "*any matter relating to the arrangements your Council has made and operated for its governance*" [41]. In the local government context, more or less everything which is done can be said to relate to governance in one way or another. Mr Rowsell now seemed to be saying that the inspectors had *carte blanche* to consider whatever they wished, regardless of the specific allegations which led to the Decision in the first place.

30. Mr Rowsell accepted that the Decision needed to be "*reasonable and proportionate*", but suggested that this would be met wherever "*significant allegations have been raised*" [42]. Of course for the Council, and myself, this begs the question what those allegations are, and how they are 'significant'. The letter then went on to summarise the "*reasons*" for exercising the section 10 power. But those seemed to me to be little more than reasoning by assertion: having received unspecified allegations of unspecified wrongdoing the Secretary of State believes an inspection is necessary, although that inspection is of unspecified scope. Mr Rowsell, finally, disclaimed any responsibility for how the inspectors carried out their inspection.

31. At this time my colleague, the Corporate Director of Resources, Chris Holme, wrote to the Department on 12 May 2014 expressing concern about the financial liability that the audit involved [39-40]. He pointed out that under the previous statutory scheme, the Audit Commission published a fee scale by which local authorities could begin to estimate their likely liability for inspection costs. The abolition of the Audit Commission's section 10 role meant that there were no such guidelines into the charges of private sector inspectors. All section 12 provides is that the Council is liable for PwC's "*reasonable fees*". Mr Holme had worked out that the fees of the Audit Commission for the same inspection would have been between £60,000-£100,000, but feared that PwC might be ten times that. Mr Rowsell responded on 28 May 2014 [45], providing no assistance as to how the Council might estimate the fees, other than that they would be calculated by reference to a call-off framework agreement PwC had entered into with the Secretary of State. The Council does not have this document and Mr Rowsell did not provide it.

32. On 29 May 2014, John Ware published a blog on the 'Trial by Jeory' website [46-48] which, although still critical of the Mayor, stated that Panorama had made no accusations of criminality against the Mayor or the Council [47]. On 10 June 2014 I sent a notification of that statement to Mr Rowsell as it appeared to contradict what had been previously said by the Secretary of State in his 4 April [58-59]. I have received no response.

33. I am aware that on 2 June 2014 the Mayor wrote to the Secretary of State directly to invite him to visit the Borough following his re-election [49]. He stated that he welcomed the inspection, which was being offered every assistance by the Council (as indeed it was, and is). However, the Mayor also asked to meet the Secretary of State to discuss the evidence justifying an inspection at all, the extent to which the conduct of the inspection remained within the powers of the inspectors, and the likely cost of the inspection to local taxpayers in the

context of very significant funding cuts to local government. The Secretary of State has not yet responded.

34. Following the conclusion of the Mayoral and local elections on 22 May 2014, the Council's solicitor sent a Pre-Action Protocol letter to the Secretary of State on 2 June 2014 [50-57]. Mr Rowsell responded to the Pre-Action Protocol on behalf of the Secretary of State on 19 June 2014 [60-70]. The Secretary of State denied any obligation to provide reasons or documents, and declined to do so.

The Failure to Provide Reasons

35. By his Decision, the Secretary of State has launched a substantial and wide ranging inspection into the governance of the Council over a period of some three and a half years since an elected Mayor came into office in the Borough. There is no doubt in my mind that the commencement of the inspection by PwC – accompanied by the Secretary of State's repeated press releases relating to his Decision – has the effect of reducing the standing and reputation of the Council and the hard work of its Members, Mayor and officers. As I have set out above, the Council has faced allegations of wrongdoing in the recent past, but the current inspection is of considerably greater significance in the sense that it is the Secretary of State himself who is apparently of the view that there may have been wrongdoing.

36. In more practical terms, given the scale of the exercise the fees which PwC will charge to the Council are likely to be a substantial unexpected cost. As the Mayor pointed out on 2 June 2014, this additional burden on the budget is in the context of a requirement by the Secretary of State to find savings of over £100m over the next three years. Without any understanding of what allegations the inspection relates to, I am unable to challenge PwC about whether their fees have been reasonably incurred, or whether the inspection has been excessive given its scope.

37. Furthermore, as Mr Beattie also explains, the ever-broadening requests for information by PwC have led to concern by Council officers about the circumstances in which a requirement to provide information can be refused. Without having any understanding of what PwC are inspecting for, I and my colleagues in the legal department are unable to provide clear advice on the appropriateness of PwC's requests. Our discussions with PwC in attempts to understand the legal basis of their requests have not resulted in any sort of detailed explanation, as Mr Beattie has set out in detail. As a failure to comply with a request without a reasonable excuse is a criminal offence, this has inevitably led to requests being complied with, even where we have serious doubts about how they can properly arise.

38. The Secretary of State has, in his 4 April and 14 May letters, relied principally on a general allegation that the Council has suffered failures of governance. He has never explained what is meant by this, and I am not readily able to guess. In the context of local government, 'governance' can encompass in one respect or another more or less everything that the Council does. Every decision it takes has 'governance' issues. The Council has a constitution that has been evaluated by a Local Government Association Governance Review as being fit for purpose. Despite this, I do not know what particular allegation(s) of failures of governance have been put to the Secretary of State, or even their general gist. I do not know if they are based solely on the allegations broadcast by Panorama (and which of them), or other allegations.

39. Still less has the Secretary of State explained to the Council how the allegation(s) of governance failures relate to the Council's best value duty under section 3 of the 1999 Act. My understanding is that the section 10 inspection power only relates to failings in respect of Part 1 of the 1999 Act, which in reality means the section 3 best value duty. Neither I nor anyone else at the Council is able to know whether the allegations can reasonably be said to relate to the Council's best value

duty. Presumably the Secretary of State could explain this, but he has chosen not to do so.

40. His 4 April letter also referred in generalised terms to allegations of "*poor financial management*" having been made (particularly in the Panorama programme). Again, I do not know what these allegations consist of, or what evidence has been provided to the Secretary of State to mean an inspection is required. The Council has, in accordance with legislation, produced annual accounts for the years 2010/11, 2011/12 and 2012/13 which have not been doubted by the Council's external auditors, KPMG. We are in the process of producing what are expected to be similarly satisfactory accounts for the year 2013/14 just ended.

41. The 4 April letter also made reference to allegations of "*possible fraud*" and referred to material being passed to the police. It is completely unclear what allegation(s) of fraud the Secretary of State was relying on, or whether he still relies on it. As I have set out, John Ware of Panorama has published a statement to the effect that neither he nor Panorama had alleged criminal behaviour [47] and the Metropolitan Police have stated that the file submitted to them "*contained no credible evidence of criminality*" [26]. Presumably in the circumstances it could cause no possible impediment to any police or PwC investigation for the Council to be told, at the least the gist, of what the allegations of fraud related to.

42. The Secretary of State's reluctance to provide the Council with reasons for his Decision is all the more surprising given his Department's 17 April press release that the inspection was into "*the probity of the controversial mayoral administration*" in the Borough [31]. I do not understand whether this is something different to the Council's best value duty, or to the other generalised heads of allegation, or why the Secretary of State felt it appropriate to present the inspection in terms not used in any correspondence with the Council. I find it very difficult

to assess the reasonableness of the Decision in the light of the varying statements made on behalf of the Secretary of State. It appears to me that the Secretary of State is content to provide (different) reasons to the media than the inadequate ones provided to the Council itself. I note that in his first press release on 4 April, the Secretary of State is quoted as saying that "*localism requires local transparency, scrutiny and accountability*" [11]. I regret that the Secretary of State does not appear to be applying the same standards to his own decision-making.

43. An alternative for the Secretary of State, which we offered him in correspondence, would be to provide the Council with copies of documents he took into account when making the Decision. I of course accept, as the Council has always accepted, that some of the material may be confidential. I can entirely understand, for example, why the Secretary of State might wish to redact the name(s) of any complaint(s). But I do not understand why the Council is not entitled to know even the gist of the substance of the allegations against it, particularly where the allegations are apparently so serious as to merit a section 10 inspection of such length and breadth.

The Lack of a Reasonable Basis

44. It follows that the Council is unable to understand or establish whether the Secretary of State has exercised his powers rationally and proportionately, or for a legitimate purpose.

Conclusion

45. The Council's complaint is that the inspection has taken place on an unreasoned basis, and consequently gives rise to concern that it has been much more wide-ranging, and therefore expensive, than it needed to be. PwC have sought and been given access to every individual payment that has been made by the Council over a period of more than three and a half years (whether or not such payments were

related to the areas of focus that the Secretary of State originally directed). They include transactions relating to, for example, education; social care; children and vulnerable adults; the Council's regulatory functions (principally planning and licensing); waste collection, street cleaning, parks and leisure activities; as well as youth service and community safety responsibilities. PwC requested complete access to the records of the email accounts of a selected list of elected politicians (none of whom were Conservative Members) and 47 of the Council's senior officers. No best value-related justification for these wide-ranging requests has been provided.

46. In the circumstances, I am concerned that the section 10 inspection may be being used not in a way which is rationally connected to the (unknown) allegations which prompted it, but as a generalised 'fishing expedition', which the Council is required to pay for.

I make this statement believing its contents to be true to the best of my knowledge and belief

Signed: .....

Name: Meic Sullivan-Gould

Date: 1st July 2014.....

EXHIBIT "MSG1"

London Borough of Tower Hamlets
Legal Department
Mulberry Place
5 Clove Crescent
London
E14 2BG

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EXHIBIT "MSG1"

Borough of Tower Hamlets: a byword for sleaze

Muslim mayor Lutfur Rahman in line of fire over public grants in Tower Hamlets, East London

In 2012, Mr Rahman changed Tower Hamlets' procedures to ensure that he personally decided all council grants over £1,000, with the help of his "adviser to the third sector"

By Andrew Gilligan

9:03PM GMT 18 Jan 2014

The Old Poplar Town Hall, in East London, has a secure place in British political history. It was here, in 1921, that radical Labour councillors, led by George Lansbury, began a rebellion against "unfair" rates that resulted in them being sent to prison, and triggered reform of a system that discriminated against poor areas such as Poplar.

Almost a century later, Poplar Town Hall, now absorbed into the borough of Tower Hamlets, is making history of a different kind. It has become part of the spoils in a rather more sinister redistribution of wealth by Britain's most disturbing local authority. In behaviour described by one councillor as "out of control" and smacks of the days of Shirley Porter, a directly elected mayor with close links to Islamic extremism appears to be abusing public money and council assets to reward his supporters and, in the words of the local MP, Jim Fitzpatrick, to "buy his re-election this May".

"It is going on under our noses in the heart of the capital city and no one is doing a thing about it," says Peter Golds, the leader of the opposition in Tower Hamlets. "The authorities — the Government, the Electoral Commission — seem paralysed. This is a test for us all about whether democracy can be bought."

In 2010, after investigations by The Sunday Telegraph, the then Tower Hamlets council leader, Lutfur Rahman, was replaced, deselected and later expelled by the Labour Party because of his close links to an extremist Muslim group, the Islamic Forum of Europe (IFE), based at the radical East London Mosque.

But, thanks in part to another campaign by the IFE, Tower Hamlets changed later that year from a conventional council leader to an all-powerful directly elected mayoralty. Mr Rahman stood as an independent, winning on a tiny turnout with the help, as his own campaign coordinator later admitted, of a mass mobilisation by IFE activists. This year's poll, however,

coincides with the local elections, turnout will be higher and voting probably tighter — so Mr Rahman and his friends appear to be pulling out all the stops.

Poplar Town Hall is a case in point. A large and attractive Victorian listed building, a stone's throw from Canary Wharf and steps from a future Crossrail station, it is worth millions. But The Sunday Telegraph has learnt that in 2011 the council sold it for £875,000, little more than what a three-bedroom Victorian house in the neighbourhood would cost. Poplar Town Hall, though, is big enough for its new owners to be converting it to a 25-bedroom hotel.

Once they'd bought the place, the would-be hoteliers had a second stroke of luck. Approval for any conversion of a listed building, especially one with all the transport and noise issues of a hotel, must normally be decided in public by elected councillors on the planning committee. Extraordinarily, the new owners of Poplar Town Hall got their planning permission in private, without any planning committee hearing, under "delegated authority" from one of Mr Rahman's officers.

So who are the new owners of Poplar Town Hall? It was sold to a company called Dreamstar, one of whose key shareholders, Mujibul Islam, is chief executive of Medialink, the registered owner of Mr Rahman's election campaign website, lutfurformayor.com. Another main shareholder, Alfaz Kabiri, is director of a "regeneration" company based in the East London Mosque offices of the IFE.

Mr Islam admitted last night that he had "had an affiliation" with Mr Rahman and had "helped" him during the 2010 election, but insisted that they were not close and that, if anything, he now regretted the association. Poplar Town Hall "was openly tendered for anyone to buy and we just tendered [for it] as everyone else did," Mr Islam said.

He said he did not know whether his company's was the highest bid. The council refused to respond to questions about the deal put to it by The Sunday Telegraph.

Under Dreamstar's ownership, Poplar Town Hall has also housed an organisation called Barbican College, which is closely linked to another key Rahman ally, the London-based Bengali television channel, Channel S — popular with Mr Rahman's Bangladeshi voter base. Barbican College, under another name, was previously based in Channel S's Walthamstow offices and the two have shared key staff, including a spokesman.

Last year the broadcasting regulator, Ofcom, censured Channel S after Mr Rahman paid it thousands of pounds of taxpayers' money to run up to 15 adverts a day promoting his policies. Political advertising is banned on television.

It was at least the ninth time Channel S has been censured by Ofcom or the advertising watchdog, the ASA. Mr Rahman has given, or is proposing to give, Channel S at least £17,000 from council funds to stage events. He pays a further £1,050 a week of public money to Channel S's chief reporter, Mohammed Jubair, employing him as a part-time "community relations adviser" even as Mr Jubair continues to report for Channel S. The council refused to answer questions about its relationship with Channel S.

Mr Rahman employs at public expense another "community liaison officer", Shazid Miah, whose job, leaked minutes from May 2012 show, is to "lead" Mr Rahman's re-election campaign. Vast sums are also spent on official propaganda, with a weekly council newspaper delivered to all households, posters of Mr Rahman across the borough and residents bombarded, again at public expense, with thousands of personalised letters from Mr Rahman boasting of his achievements. A man who circulated a smear leaflet falsely accusing Mr Rahman's main opponent of wife-beating was then given a council grant.

In 2012, Mr Rahman changed Tower Hamlets' procedures to ensure that he personally decided all council grants over £1,000, with the help of his "adviser to the third sector", Maium Miah. And it is these grants that are causing the most serious concern.

In the words of councillors on Tower Hamlets' cross-party scrutiny committee, "new, untested organisations with no track record of delivering for the community" suddenly sprang up, paid substantial sums for sometimes ill-defined projects. One organisation that has received tens of thousands of pounds to run a "lunch club" for Bengali pensioners and a "mother tongue" school for 72 Bangladeshi children apparently conducts these activities from a two-bedroomed council flat.

Many of the groups, it turns out, have close links to Mr Rahman and his political allies. The Island Bengali Welfare Association, based in another former council flat on the Isle of Dogs, has received no less than £91,000. Its ex-chair is Maium Miah, the Rahman ally who helps decide the grants.

IFE-controlled groups have fared best, gaining hundreds of thousands of pounds. More than 60 per cent of the grants under the "community faith buildings" scheme have gone to Muslim organisations, though Tower Hamlets is only 34 per cent Muslim. Even in many non-religious activities, the majority of grants for lunch clubs, children's services, study support, language classes, youth services and lifelong learning have been channelled to Muslim groups, often at the expense of established organisations serving the whole community.

Thousands of pounds are also to be paid to Rahman allies to organise events and parties in the run-up to the election.

As councillors at the scrutiny hearing said, this spending was “not benefiting the borough as a whole” but “being directed to certain areas where the mayor had the majority of his voter base”. The council refused to answer questions from The Sunday Telegraph about the grants, merely saying that it had “followed the relevant laws, guidance and policies”.

But, responding to the scrutiny committee, Mr Rahman was defiant. “Although [council] officers may [have] come to the view that an application is poor and/or that it should not receive funding, there are from time to time cases where projects are worth supporting in view of the perceived potential community benefits,” he said.

Mr Golds said: “I think we know what the perceived community benefits in these cases are: the re-election of Lutfur Rahman. This council is out of control and its behaviour smacks of the days of Dame Shirley Porter.”

John Biggs, Mr Rahman’s Labour opponent for the mayoralty, said: “It looks as if Lutfur Rahman is trying to use taxpayers’ money to buy votes.”

Dame Shirley, the gerrymanderer of the Westminster “homes for votes” scandal in the late Eighties and early Nineties, was eventually disqualified, humiliated and forced into exile – but don’t expect anything to happen to Lutfur Rahman any time soon.

Terrified of being accused of racism, the authorities appear content to let Tower Hamlets stew in its own juice.

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BBC NEWS**LONDON**

31 March 2014 Last updated at 00:14

London borough of Tower Hamlets could face inspection

By John Ware
Reporter, BBC Panorama

Communities Secretary Eric Pickles has said he may send in inspectors to investigate a London borough.

Panorama has found that Lutfur Rahman, the Bangladeshi mayor of Tower Hamlets, has more than doubled funding recommended by officers for Bengali-run charities.

Opposition councillors say they believe the grants were made in return for electoral support.

Mr Rahman categorically denies the accusation.

In 2010, residents of Tower Hamlets voted in Britain's first directly elected Asian mayor.

Mr Rahman won as an independent with only 13% of registered voters.

Almost two-thirds of those who turned out to vote that day were from his own Bangladeshi community.

To win re-election in May, the mayor is expected to need a high Bangladeshi turnout again.

As a directly-elected mayor, he has executive power over the allocation of some grants to local bodies. Council officers made recommendations to the mayor based on the neediest in the borough.

Labour and Conservative opposition councillors allege that his selection of charities for grant funding in the run-up to the election was motivated by electoral advantage.

"I am pretty sure there is some quid pro quo in some of those grants decisions being made," said Labour councillor, Joshua Peck.

"Part of that is about supporting the mayor politically on the ground in the run-up to the election.

"He doesn't have a political machine and he needs organisations... making sure the electorate turns out to vote for him."

The mayor strongly denies this but if his selection of which groups to fund was based on who he thought would get him votes, that would be unlawful.

Panorama has gained access to confidential paperwork that reveals the extent to which the mayor rejected recommendations from council officers.

They had proposed that Bengali and Somali groups receive £1.5m. But a review by Panorama of 362 grants approved by the mayor found that he increased funding to these organisations by nearly two-and-a-half times - to £3.6m.

To pay for it he used funds from the council's reserves and reduced what was left for other organisations by 25% overall.

The mayor categorically denied his allocation of grants was motivated by electoral advantage.

"It's absolutely untrue", he said. "My principle has all along been that we will distribute the money to as many organisations as possible... because they benefit the community."

In exchange for more personal power, directly elected mayors are expected to present themselves for questioning.

The mayor said he upholds the "highest standards of probity and transparency" and that the decisions have an "adequate audit trail".

But Mr Rahman declined to answer opposition questions in council meetings about his award of grants or answer questions from the special council forum that is meant to hold him to account, the Overview and Scrutiny (O&S) committee, for more than a year.

The confidential council papers provide only the barest explanation for the hundreds of changes made by the mayor to officer recommendations.

The changes were described as being based on "local knowledge" and because it was "known where money needs to be redistributed".

Mr Rahman said the grants decisions were properly scrutinised.

"Three grants panels, four cabinet meetings, two O&S meetings [were attended] about the grants - a vigorous process - after which I made the final decision," he said.

"My executive members attended [two overview and scrutiny committees and] answered each and every question and gave a proper answer."

Since he became mayor, Mr Rahman has changed the grants process from one held mostly in public to one which now takes place mostly behind closed doors.

Rob Whiteman, chief executive of the Chartered Institute of Public Finance and Accountancy, told Panorama: "It's very important that the process isn't behind closed doors.

"When it is, it calls into question whether or not that process is being properly followed and whether or not the decisions are being soundly made.

"Up and down the land you will see councils very keen to ensure that their decision making in this regard, in these areas, is very much in public."

Panorama took the findings to the Secretary of State for Communities and Local Government, Eric Pickles.

"Panorama has unearthed some very serious allegations that demand an answer," he said. "I think the allegations or questions that Panorama raise are of a completely different magnitude to worries and concerns that I have with other councils."

He said he would ask his experts to review Panorama's analysis in detail and added: "If I feel the allegations that you made are substantial and serious, I will actively consider intervening.

"I have powers to put in an inspector to look at the way that the council's been run."

Panorama: The Mayor and Our Money, BBC One, Monday 31 March at 20:30 GMT and then available in the UK on the [BBC iPlayer](#)

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From: Meic Sullivan-Gould
Sent: 31 March 2014 15:29
To: 'paul.rowsell@communities.gsi.gov.uk'
Subject: Prospective Inspection at LB Tower Hamlets

Hello Paul

You may not have noticed my recent return to London but I've been drafted in to Tower Hamlets to help with the elections and then set up the constitution for the new Council. Regrettably however I have had to spend a lot of time initially dealing with the poorly researched and misleading Sunday Telegraph article by Andrew Gilligan under the headline "Borough of Tower Hamlets: a byword for sleaze" that appeared on the day before I joined the Council and which set my agenda for checking that I did not need to make a statutory report. I found that I did not need to do so.

Over the last few weeks I have had to be dealing with the many and varied legal issues posed by a prospective Panorama programme that is now going out this evening. I have been keen to ensure that the programme is factually correct and fair and balanced between the candidates for the mayoralty in May – 9 candidates have already declared and there has been canvassing going on since New Year! The journalist however only seemed to want to concentrate on the conduct and character of the incumbent, who is one of the candidates who has declared.

The journalist, John Ware, has written a piece on the BBC London News website today about the programme and has quoted the Secretary of State as saying that he was going to review Panorama's analysis of the Council's Grant Processes and would consider intervening. My purpose in writing is to offer my co-operation with that process.

Mr Ware's analysis is based on the documentation that the Council gave him: which was the complete record of applications for grants, considerations of applications, officer recommendations and member decisions since 2006 to date. The record did contain material (about applicants) that had previously been kept confidential but the view was taken that it was in the public interest to release everything to Mr Ware so that he could reassure himself that the processes of the Council were open, transparent and fair.

Mr Ware seems to have failed to understand that at Tower Hamlets, while the Mayor has retained the executive power to award grants to himself alone, he makes those decisions in open Cabinet meetings which are subject to the statutory access to information processes in respect of agendas, reports and background papers; are open to the public and are, now, webcast with published minutes and executive decisions recorded as is required. The Grants Awards process has not been challenged by the Council's Auditor, KPMG, and there have been no judicial challenges, even from those organisations whose grants have been cut, to the fairness of those processes. The processes have been subject to Overview and Scrutiny reviews and call-ins as you would expect.

You will appreciate that I have a personal statutory duty to intervene if I think that the Council has behaved unlawfully or with maladministration. My review of the records and interviews with the staff involved in administering the process found nothing untoward at all.

I have a spare copy of the records that were given to Mr Ware by the Mayor and will be happy to provide the Secretary of State's investigators with that material. It is a weighty set of volumes however so you may want to warn them.

Your colleague, Elizabeth Whatmore, is, I understand, due to visit Tower Hamlets again soon as part of the ongoing relationship between your Department and the Council. If there are any concerns then they can be addressed then.

I still cannot understand why Mr Ware has been looking at Tower Hamlets when, as you will know, there has been a much better founded scandal about grant giving at Basingstoke & Deane Borough Council. The Internal Audit Service there (that I used to manage) found a number of problems with the grant-giving processes and published quite a scathing report: see -

http://www.basingstokegazette.co.uk/news/politics/11001676.Borough_council_criticised_over_handling_of_grants/

I know that you will not be dealing with this personally but perhaps you will pass it to the appropriate person.

Best wishes

Meic Sullivan-Gould
Interim Monitoring Officer
Law, Probity and Governance Department

Tel 020 73644801
Email meic.sullivan-gould@towerhamlets.gov.uk
Web www.towerhamlets.gov.uk

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Menu

Press release

Inspectors appointed to investigate London borough of Tower Hamlets

- Organisation:** Department for Communities and Local Government
(<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>)
- Page history:** Published 4 April 2014
- Policy:** Making local councils more transparent and accountable to local people
(<https://www.gov.uk/government/policies/making-local-councils-more-transparent-and-accountable-to-local-people>)
- Topic:** Local government (<https://www.gov.uk/government/topics/local-government>)
- Minister:** The Rt Hon Eric Pickles MP (<https://www.gov.uk/government/people/eric-pickles>)

Secretary of State appoints inspectors to look into allegations made against Tower Hamlets.



The Secretary of State for Communities and Local Government, Eric Pickles, has today (4 April 2014) appointed inspectors to look into allegations of governance failure, poor financial management and fraud at the London Borough of Tower Hamlets.

Serious concerns have been raised following the receipt of certain documents. Using new laws that came into effect today the Secretary of State, acting in the public interest, has exercised his legal power today to appoint PricewaterhouseCoopers LLP (<https://www.gov.uk/government/publications/letter-appointing-pricewaterhousecoopers-llp-to-investigate-tower-hamlets>) to carry out an inspection of the council. A file is being passed onto the Metropolitan Police for consideration.

The PricewaterhouseCoopers inspection will look into evidence of the authority's payment of grants, the transfer of property, spending decisions in relation to publicity, and other contractual processes from 25 October 2010 to the present day.

Eric Pickles said:

“ It is a matter of public record that I have long been concerned about a worrying pattern of divisive community politics and alleged mismanagement of public money by the mayoral administration in Tower Hamlets.

Following the receipt of a number of documents, I am now taking legal steps, in the public interest, to appoint inspectors to look into the allegations in respect of Tower Hamlets.

I hope this sends a strong signal that robust processes are in place to investigate allegations of failures in financial management and governance in local government, under the new regime introduced by the Local Audit and Accountability Act which replaces the Audit Commission.

This central action is not undertaken lightly, but localism requires local transparency, scrutiny and accountability, and these vital checks and balances must be upheld.

Tower Hamlets had been duly informed

(<https://www.gov.uk/government/publications/letter-from-sir-bob-kerslake-to-tower-hamlets>) and PricewaterhouseCoopers is already on site. The inspectors have a legal right to access all premises and documents belonging to the authority which appear necessary for the purposes of inspection.

Anyone who has information which may be relevant to the inspection may send it directly to the inspection team by email at lbth.inspectors@uk.pwc.com

Or write to them at:

London Borough of Tower Hamlets Inspectors EP4,
PricewaterhouseCoopers LLP, 1 Embankment Place, London,
WC2N 6RH

All disclosures will be treated as confidential, and every effort will be made to protect the identities of those who submit information, however, evidence of fraud may be passed to the police.

Further information

1. These steps have been taken using statutory powers under the Local Government Act 1999, as amended by the new Local Audit and Accountability Act 2014, which relate to a local authority's functions in respect of governance. The new provisions commenced today, as part of the wider abolition of the Audit Commission.
2. Section 10 of the Act provides power to the Secretary of State to appoint inspectors to carry out an inspection into a local authority's compliance with its best value duty.
3. Section 12 of the Act provides that the authority to be inspected must pay PricewaterhouseCoopers LLP reasonable fee for carrying out the inspection.
4. Section 15 of the Act provides powers to the Secretary of State to intervene in the running of the council, should he consider that necessary, in light of the inspector's findings.
5. PricewaterhouseCoopers will report its findings to the Secretary of State by 30 June 2014.
6. While the investigation is ongoing it would be inappropriate for the government to comment any further.

Media enquiries

Email communications-newsdesk@communities.gsi.gov.uk

Please use this number if you're a journalist wishing to speak to Press Office 030 3444 1201

Office address and general enquiries

Eland House
Bressenden Place
London
SW1E 5DU

Contact form <http://forms.communiti...>
(<http://forms.communities.gov.uk/>)

General enquiries: please use this number if you are a member of
the public 030 3444 0000

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Department for
Communities and
Local Government

Mr Stephen Halsey
Head of Paid Services
Tower Hamlets Council
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Sir Bob Kerslake
Permanent Secretary, DCLG
and Head of the Civil Service

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pspermanentsecretary@communities.gsi.gov.uk
HOCS@cabinet-office.gsi.gov.uk

www.gov.uk/dclg

4 April 2014

Dear Mr Halsey,

As you will see from the attached letter from Helen Edwards, Director General of Localism at the Department for Communities and Local Government, the Secretary of State has, in exercise of his powers under section 10 of the Local Government Act 1999, appointed PricewaterhouseCoopers LLP (PwC) as the person to carry out an inspection of the compliance of the authority known as the London Borough of Tower Hamlets with the requirements of Part 1 of the 1999 Act in relation to the authority's functions in respect of governance, in particular the authority's functions under section 151 of the Local Government Act 1972.

In making this appointment the Secretary of State has had regard to certain documents that the Department has received about governance in Tower Hamlets, and the review of these documents undertaken by PwC, which recommends that appropriate further investigations are carried out to establish whether allegations about poor governance and possible fraud have any foundation. I should advise you that certain material is also being passed to the police for their consideration. He has also had regard to the BBC Panorama programme broadcast on 31 March 2014, which made allegations about governance failures, poor financial management and possible fraud at Tower Hamlets, particularly in relation to grant payments.

The Secretary of State has given certain directions to PwC in relation to their undertaking the inspection. PwC are directed that the matters to be covered initially by the inspection should in particular relate to: the authority's payment of grants and connected decisions; the transfer of property by the authority to third parties; spending and decisions of the authority in relation to publicity, and the authority's processes and practices for entering into contracts. PwC are also directed that the inspection cover matters in relation to the period from the date at which the Mayoral form of governance was implemented in Tower Hamlets, on Monday 25 October 2010, to the present.

It is envisaged that PwC will report the findings of the inspection to the Secretary of State by 30 June 2014, although a later report date may be agreed between PwC and the Secretary of State.

Finally, section 11 of the Local Government Act 1999 provides that an inspector has a right of access at all reasonable times to any premises of the authority and to any document, including electronic documents, relating to the authority which appear to the inspector to be necessary for the purposes of inspection. Statute also provides that the authority shall provide the inspector with every facility and all information which the inspector may reasonably require for the purposes of inspection, and that the authority being inspected must pay the reasonable fees of the inspector. I am sure that you will ensure full co-operation with the inspection.

A handwritten signature in black ink, appearing to read 'Rb Kerlake', with a stylized flourish at the end.

SIR BOB KERSLAKE



Department for
Communities and
Local Government

Will Kenyon
Partner
PricewaterhouseCoopers LLP
By email

Helen Edwards
Director General, Localism

*Department for Communities and
Local Government*
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Bressenden Place
London SW1E 5DU

Tel: 0303 444 2743

helen.edwards@communities.gsi.gov.uk

www.gov.uk/dclg

4 April 2014

Dear Will Kenyan

Letter of appointment

I am writing to inform you that the Secretary of State, in exercise of his powers under section 10 of the Local Government Act 1999 (as amended by the Local Audit and Accountability Act 2014), hereby appoints PricewaterhouseCoopers LLP (PwC) as the person to carry out an inspection of the compliance of the authority known as the London Borough of Tower Hamlets with the requirements of Part 1 of the 1999 Act in relation to the authority's functions in respect of governance, particularly the authority's functions under section 151 of the Local Government Act 1972.

In making this appointment and the directions set out below, the Secretary of State has had regard to certain documents that the Department has received about governance in Tower Hamlets, and the review of those documents undertaken by PwC, which recommends that appropriate further investigations are carried out to establish whether allegations about poor governance and possible fraud have any foundation. He has also had regard to the BBC Panorama programme broadcast on 31 March 2014, which made allegations about governance failures, poor financial management and possible fraud at Tower Hamlets, particularly in relation to grant payments.

The Secretary of State also, in exercise of his powers under section 10 (4) (b) of the 1999 Act, gives the following directions to PwC in relation to their undertaking the inspection.

First, PwC are directed that the matters to be covered initially by the inspection should in particular relate to: the authority's payment of grants and connected decisions; the transfer of property by the authority to third parties; spending and decisions of the

authority in relation to publicity, and the authority's processes and practices for entering into contracts.

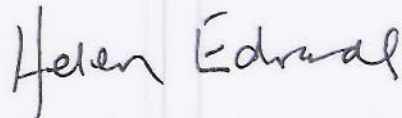
Second, PwC are directed that the inspection is to cover matters in relation to the period from the date at which the Mayoral form of governance was implemented in Towers Hamlets on Monday 25 October 2010 to the present.

Third, PwC are directed to report the findings of the inspection to the Secretary of State by 30 June 2014, or such later date as the inspector may agree with the Secretary of State.

The Secretary of State may following receipt of PwC's report or otherwise issue further directions to PwC.

Section 12 of the Local Government Act 1999 provides that the authority to be inspected must pay PwC's reasonable fees for carrying out the inspection.

Yours sincerely

A handwritten signature in black ink that reads "Helen Edwards". The signature is written in a cursive, slightly slanted style.

Helen Edwards
Director General, Localism



Private and confidential

Stephen Halsey, Esq
Head of Paid Service
London Borough of Tower Hamlets
Town Hall
Mulberry Place
5 Clove Crescent
London E14 2BG

4 April 2014

Dear Mr Halsey

Inspection under section 10 of the Local Government Act 1999 (amended)

By a letter dated 4 April 2014 ("the Appointment Letter", copy enclosed), PricewaterhouseCoopers LLP ("PwC") has been appointed by the Secretary of State for Communities and Local Government to carry out an Inspection of the London Borough of Tower Hamlets ("LBTH") under section 10 of the Local Government Act 1999 ("the Act") (as amended by Schedule 10 of the Local Audit and Accountability Act 2014).

The focus of the Inspection is as set out in the Appointment Letter. We attach our initial information/documentation requirement to assist the early stages of our Inspection. We also attach a document and data preservation notice. We draw your attention to section 11 of the Act, which sets out certain provisions concerning the powers of Inspectors appointed under section 10 of the Act. These include (by way of summary):

- The right of access to premises and documents of the subject authority at all reasonable times;
- The right to require information or explanations to be given by relevant persons; and
- The requirement upon the subject authority to provide the Inspector with all facilities and information that the Inspector may reasonably require for the purposes of the Inspection.

In addition, section 11 of the Act makes it an offence for any person without reasonable excuse to fail to comply with a requirement of an Inspector. An Inspector is required to give three clear days' notice of any requirement.

Our aim will be to carry out the Inspection as efficiently as possible and with the least possible disruption to the day-to-day workings of LBTH. Inevitably, we will need to call on your people and resources to assist us in this and we thank you in anticipation of your co-operation.

Yours sincerely

Will Kenyon, Partner

*PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7212 4652, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.



INITIAL INFORMATION/DOCUMENTATION REQUIREMENT

Unless otherwise stated, requirements cover the period from 25 October 2010 to 31 March 2014. For the purposes of this requirement, the term LBTH includes any affiliated entity or agent of LBTH.

If there is other information not explicitly mentioned below but which is readily available and would assist the Inspectors in understanding LBTH's processes or the nature of specific transactions, please provide this also.

Where lists of transactions, contracts or other items are required, it would be most helpful if these could be produced in soft copy in Microsoft Excel for ease of analysis.

A. Grants

1. A complete list of all grants made by LBTH to include:

- Full name of the recipient organisation;
- Amount of the grant;
- Purpose of the grant;
- Date of payment; and
- Any relevant reference numbers or unique identifiers that are part of the audit trail.

2. Documentation of policies and procedures pertaining to the receipt, processing, evaluation and approval of grant applications, and payment of grants.

B. Property disposals

1. A complete list of all real estate properties (including without limitation land, commercial property and residential property) sold by or otherwise transferred out of the ownership of LBTH, to include:

- Full description and address of the property;
- Value of the property at the date of sale or transfer;
- Full name and details of the party acquiring the property;
- Date of sale or transfer; and
- Any relevant reference numbers or unique identifiers that are part of the audit trail

2. Documentation of policies and procedures pertaining to property disposals.

C. Contracts

1. A complete list of all contracts let by LBTH with a contract value of £10,000 or more, to include:

- Date of contract;
- Nature of goods or services procured;
- Full name and details of the contract counterparty/(ies);
- Value of the contract; and
- Any relevant reference numbers or unique identifiers that are part of the audit trail.



2. Documentation of policies and procedures pertaining to the tendering, evaluation, approval and signing of contracts and the payment of suppliers and service providers.

D Expenditures relating to publicity

1. A complete list of all payments by LBTH to media organisations, including without limitation film, television, radio, internet and print media (such as newspapers, magazines, etc). This should include:

- Full name of the payee organisation;
- Amount of the payment;
- Date of payment; and
- Any relevant reference numbers or unique identifiers that are part of the audit trail.

2. An analysis of all costs incurred in relation to the publication of *East London Life*.

3. Documentation of policies and procedures pertaining to the tendering, evaluation, approval and signing of expenditures relating to publicity.

E. Other

1. An organisation chart for LBTH showing key roles and responsibilities and, in particular, those departments, committees and individuals relevant to the matters covered under A to D above.

2. Copy of LBTH document management and retention policy.



DOCUMENT AND DATA PRESERVATION NOTICE

All records in the possession, custody or control of the authority relating to LBTH (including any affiliated entity or agent of LBTH) dating from 25 October 2010 to 31 March 2014 inclusive, which relate to the authority's payment of grants and connected decisions; the transfer of property by the authority to third parties; spending and decisions of the authority in relation to publicity, and the authority's processes and practices for entering into contracts.

The records that must be preserved include, but are not limited to, all originals or copies with annotations of letters, email, instant messages, drafts, informal files, desk files, handwritten notes, faxes, memoranda, forms, calendar entries, address book entries, and any records stored in hard copy or any electronic form (including records on desktop or laptop computers, on server back-up tapes, on a personal digital device such as an iPhone or Blackberry, or on removable media such as CDs, DVDs, USB memory sticks and external hard drives), whether at the office, home or anywhere else that relate in any way to the business activities of LBTH.

In light of the foregoing, please continue to preserve and take any additional steps necessary to preserve *all* records covered by this notice. Such records should be not altered, discarded or destroyed, even if they are in draft or preliminary form.

Records covered by this notice should be preserved even if they would otherwise be routinely discarded or deleted under applicable records retention policies and protocols.

The requirements of this notice should be distributed to those individuals who may, in your best judgement, have potentially responsive records.

Agenda for meeting on 4 April 2014

1. Introductions
2. Terms of reference
3. Initial Information Request
4. Working Arrangements & Data Access
5. Timetable
6. LBTH team
7. Any other matters



HEAD OF PAID SERVICE

Sir Bob Kerslake
Permanent Secretary DCLG & Head of Civil Service
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Email: stephen.halsey@towerhamlets.gov.uk
www.towerhamlets.gov.uk

10th April 2014

Dear Sir Bob

Thank you for your letter dated 4 April 2014 informing me of the Secretary of State's decision to cause an inspection to take place in exercise of his powers under section 10 of the Local Government Act 1999. As you may already be aware, I have now met with the inspectors from PwC, and they have commenced their work. May I assure you of the Council's intention to co-operate fully with PwC.

I am writing to seek further information in respect of the Secretary of State's decision. For the sake of clarity and brevity I will simply list the points that arise.

(1) You explain that in reaching the decision to exercise his section 10 powers the Secretary of State has had regard to "*certain documents*" received by the Department which concern governance in Tower Hamlets. Could you please provide me with copies of these documents.

(2) Your letter refers to "*allegations about poor governance and possible fraud*". I assume that these allegations are part of the basis for the Secretary of State's decision. Could you set out (a) the specifics of the allegations concerning poor governance explaining in each case what it is that is said to have constituted the poor governance and when the events relied on took place; and (b) the same details in respect of the allegations of fraud.

(3) You say that in reaching the decision to exercise his powers under section 10 of the 1999 Act, the Secretary of State had regard to matters referred to in the BBC Panorama programme broadcast on 31 March 2014. Could you identify which matters referred to in the programme the Secretary of State took into account.

(4) Your letter states the terms of reference which the Secretary of State has given to PwC (as also set out in Helen Edwards' letter to PwC dated 4 April 2014, see the fourth paragraph of that letter). The terms of reference are broadly stated; PwC have been instructed to inspect generally in respect of the period from 25 October 2010 to date, and instructed "*in particular*" to investigate "*the authority's payment of grants and connected decisions; the transfer of property by the authority to third parties; spending and decisions of the authority in relation to publicity, and the authority's processes and practices for*

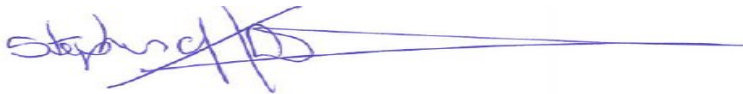
entering into contracts". Under section 10(1) the power to appoint an inspector is given in respect of whether a best value authority has complied "... *with the requirements of Part 1 of the 1999 Act in relation to specified functions*". I would be grateful if you could explain the way in which the terms of reference given to PwC correspond to the Secretary of State's power under section 10 of the 1999 Act. Which particular events have caused the Secretary of State to conclude that an inspection should be undertaken; in what respects have these matters caused the Secretary of State to suspect that (in the period since October 2010) Tower Hamlets may have failed to comply with requirements under Part 1 of the 1999 Act; which requirements under Part 1 of the 1999 Act are the ones material for the purposes of the Secretary of State's decision, and for the purposes of the inspection the Secretary of State has instructed PwC to undertake.

(5) You say that the Secretary of State has also passed "*certain material*" to the police for their consideration. Could you provide me with a copy of the letter (or other communication) sent to the police, and also identify the material that has been provided to the police.

May I make it clear that I make these requests only so that Tower Hamlets (a) can be properly informed of the reasons for the Secretary of State's exercise of his power under section 10 of the 1999 Act, and the factual basis on which the decision was taken; and (b) can understand the scope of the inspection including how it corresponds to the section 10 power. I confirm that information provided in response to the requests set out above will be used only for purposes connected with the section 10 inspection.

I would be grateful if you could provide the information requested as a matter of urgency. I look forward to hearing from you.

Yours sincerely



Stephen Halsey
Head of Paid Service & Corporate Director Communities, Localities & Culture

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Police find no evidence of criminality by Tower Hamlets mayor Lutfur Rahman

Elected mayor of London borough was accused of doubling funding for Bengali-run charities in attempt to buy influence

Caroline Davies

The Guardian, Wednesday 16 April 2014 13.47 BST



Lutfur Rahman said the allegations were motivated by racism and Islamophobia. Photograph: Graeme Robertson

A police investigation into allegations of fraud and financial mismanagement by the mayor of a London council has found "no credible evidence of criminality".

Lutfur Rahman, elected mayor of Tower Hamlets, east London, was accused by the BBC's Panorama of more than doubling public funding to Bangladeshi and Somali groups from £1.5m to £3.6m in the face of recommendations from council officers.

He denied the allegations, saying they had been motivated by racism and Islamophobia.

The communities secretary, Eric Pickles, sent inspectors into the borough to investigate Rahman's activities, but Metropolitan police officers who reviewed the allegations found no evidence of fraud or other offences.

He will face no further action from police "at this stage", but the force said it was appropriate for outside auditors from PricewaterhouseCoopers (PwC) to continue their financial review of the council.

A Scotland Yard statement said: "On Friday 4 April the Metropolitan Police Service received three files of material from the Department for Communities and Local Government relating to the London borough of Tower Hamlets. These comprised material referred to the DCLG by a member of the public and by the BBC Panorama programme.

"The files have been reviewed by a team of officers over the past six days. In addition, officers have liaised with PricewaterhouseCoopers, who are conducting a full and wide-ranging audit of financial matters at the London borough of Tower Hamlets.

"There is no credible evidence of criminality within the files to provide reasonable grounds to suspect that fraud or any other offence has been committed at this stage. Therefore the MPS will not be investigating at this point in time and believe that it is appropriate for the material to be reviewed further by PwC and DCLG. We will continue to liaise with them should their audit uncover any evidence of criminality."

PwC has been asked to report back to Pickles by 30 June. Tower Hamlets council, which says it has seen no evidence that its processes have been run inappropriately, welcomed the police statement.

Panorama alleged that Rahman doubled the recommended funding for Bengali-run charities in an attempt to buy influence. Pickles asked inspectors to focus on grant payments, the transfer of property by the authority to third parties, publicity spending decisions and contractual processes since the mayor was elected.

Rahman, who briefly led the council for Labour, fought the borough's first mayoral contest in 2010 as an independent after being dumped by Labour's national executive committee. He will seek re-election next month.

Before the Panorama broadcast, Rahman said he had acquired a dossier of internal documents passed on by a researcher who worked on the programme. She took copies of the production files including the script, research notes, translations and details about secret filming from a shared but secure database.

Rahman claimed these revealed "clear racist and Islamophobic overtones targeting the Bangladeshi Muslim community in Tower Hamlets" and that the broadcaster had breached its editorial guidelines. The BBC denied there was any racial, religious or political motivation to the documentary.

A BBC spokesperson said: "We continue to stand by the programme's findings which uncovered serious concerns about the use of public money, which are still being investigated by the government. Our programme did not say there was evidence of criminality. The allegations relate to potentially unlawful expenditure, not to a criminal matter. For the avoidance of doubt, the Metropolitan Police were not investigating allegations made within the Panorama programme, and any such claims are misleading."



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17 April 2014

Dear Mr Halsey,

Tower Hamlets Council: best value inspection

Thank you for your letter of 10 April. In that letter, you request certain information, material and explanations from the Department and provide an assurance of your Council's intention to co-operate fully with the inspection.

I welcome that assurance. The focus of all must now be on enabling the inspection to be effectively undertaken as efficiently and expeditiously as possible. The letter appointing the inspector, a copy of which I sent to you on 4 April, sets out clearly the basis of the Secretary of State's decision, the statutory powers which he exercised, and the scope and likely duration of the inspection, providing your Council with the information that it needs to fulfil its obligations in relation to the inspection.

As to your requests, it is clear from the appointment letter that the Secretary of State considered it appropriate, given the circumstances of Tower Hamlets, to exercise his powers under the Local Government Act 1999 to appoint an inspector to carry out a best value inspection of your Council. The appointment letter explains that in making the appointment, the Secretary of State had regard to certain documents that the Department has received about governance in Tower Hamlets, a review of those documents undertaken by PwC, and the Panorama programme broadcast on 31 March. Some of this material – the Panorama programme – is already in the public domain. Other material has been provided to the Department on a confidential basis and it would be a breach of confidence and risk impeding the ongoing inspection, and any potential future police investigation, to make this information more widely available, including to your Council.

Finally, I would add that I very much appreciate your efforts, and those of your senior officers and staff, to ensure that the inspection has to date run smoothly, and will continue to do so.

SIR BOB KERSLAKE



Menu

Press release

Eric Pickles takes action to defend the independent free press

- Organisation:** Department for Communities and Local Government
(<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>)
- Page history:** Published 17 April 2014
- Policy:** Making local councils more transparent and accountable to local people
(<https://www.gov.uk/government/policies/making-local-councils-more-transparent-and-accountable-to-local-people>)
- Topic:** Local government (<https://www.gov.uk/government/topics/local-government>)
- Minister:** The Rt Hon Eric Pickles MP (<https://www.gov.uk/government/people/eric-pickles>)

Five councils have a fortnight to explain Publicity Code breaches before the Secretary of State issues legal directions.



Five councils have been given a fortnight to explain why steps should not be taken to stop their "propaganda on the rates", Local Government Secretary Eric Pickles announced today (17 April 2014).

Formal letters (<https://www.gov.uk/government/collections/code-of-practice-on-local-authority-publicity>) have been sent to 5 London boroughs triggering the first legal steps the Secretary of State can now take to require compliance with the Publicity Code for local authorities (<https://www.gov.uk/government/publications/recommended-code-of-practice-for-local-authority-publicity>), under the new Local Audit and Accountability Act.
(<http://www.legislation.gov.uk/ukpga/2014/2/contents/enacted/data.htm>)

The code sets a range of provisions in relation to local authority publicity including the frequency, content and appearance of taxpayer-funded news-sheets. This includes limiting publication to prevent competition with local newspapers, obliging councils to be cost effective and objective in any publicity material they publish.

Parliament passed the new Act after ongoing concerns that a small number of local authorities were breaching the publicity code, originally introduced under Margaret Thatcher's government. Strengthening these provisions was in the Coalition Agreement (<https://www.gov.uk/government/publications/the-coalition-documentation>) published in 2010, reflecting policy commitments made by both coalition parties before the general election.

The action is been taken against the municipal newspapers of Greenwich Time, Hackney Today, the Newham mag, Waltham Forest News and (Tower Hamlets') East End Life. The councils now have a fortnight to show why a direction is not necessary. Any council that does not follow the legal direction could end up facing a court order requiring compliance.

This is part of a series of measures to protect local democracy and enhance local scrutiny. The new provisions of the Local Audit and Accountability Act 2014 have been used to initiate an investigation into the probity of the controversial mayoral administration in Tower Hamlets. (<https://www.gov.uk/government/news/inspectors-appointed-to-investigate-london-borough-of-tower-hamlets>) New powers will also shortly enhance the rights of the press and public to report council meetings using digital and social media, following cases where members of the public have been threatened with arrest for reporting council meetings.

These measures build on the Localism Act 2011 (<https://www.gov.uk/government/publications/localism-act-2011-overview>) which protected councillors' free speech by changing the law on 'predetermination' which was being used to prevent councillors from campaigning on local issues and by scrapping a quango that was being used to bully councillors who blew the whistle on waste and corruption. The new rules today do not affect party political campaigning using private funds.

Mr Pickles said:

" It is scandalous that bloggers have been handcuffed for tweeting from council meetings, while propoganda on the rates drives the free press out of business. Only Putin would be proud of a record like that.

Localism needs robust and independent scrutiny by the press and public, and municipal state-produced newspapers suppress that. 'Town Hall Pravdas' not only waste taxpayers' money unnecessarily, they undermine free speech.

I have given written notice to councils most clearly breaching the Publicity Code, noting that Parliament has passed new laws to tackle this abuse. We are prepared to take further action against any council that undermines local democracy - whatever the political colour.

We have changed the law to protect the free speech of councillors. If councillors and political parties want to campaign and put out political literature, they are very welcome to do so, and it's an important part of our democratic process. But they should be using their own money, rather than taxpayers.

Further information

The recommended code of practice on local authority publicity (<https://www.gov.uk/government/publications/recommended-code-of-practice-for-local-authority-publicity>) applies to all decisions by local authorities relating to taxpayer-funded paid advertising and leaflet campaigns, publication of free newspapers and news-sheets and maintenance of websites – including the hosting of material which is created by third parties. It states that publicity by local authorities should:

- be lawful
- be cost effective
- be objective
- be even-handed
- be appropriate
- have regard to equality and diversity
- be issued with care during periods of heightened sensitivity

It does not inhibit publicity produced by political parties or councillors at their own expense.

The Local Audit and Accountability Act 2014

(<http://www.legislation.gov.uk/ukpga/2014/2/contents/enacted/data.htm>) gives the Secretary of State the power to direct a local authority to

comply with some, or all, of the provisions of the recommended code of practice on local authority publicity. This code applies to all local authorities in England. The process for issuing a direction is for the Secretary of State to first give notice in writing to the authority of the proposed direction so the authorities can make any relevant representations. After that 14 day period has elapsed, the Secretary of State may then issue the direction. If the direction is not complied with, a person having appropriate interest (such as a council taxpayer, elector, or a councillor of the authority concerned, or the Secretary of State), may seek a court order requiring compliance with the direction. Non-compliance with a court order may be contempt of court.

Having regard to the information available to him the Secretary of State intends to direct the councils written to today to comply by no later than 1 May 2014 with the specified provisions of the recommended code of practice on local authority publicity issued under section 4 of the Local Government Act 1986 (<http://www.legislation.gov.uk/ukpga/1986/10/part/IV>) on 31 March 2011 which was approved by a resolution of each House of Parliament.

On objectivity the code states that:

- “ Local authorities should ensure that publicity relating to policies and proposals from central government is balanced and factually accurate. Such publicity may set out the local authority’s views and reasons for holding those views, but should avoid anything likely to be perceived by readers as constituting a political statement, or being a commentary on contentious areas of public policy.

On even-handedness the code states that:

- “ Where local authority publicity addresses matters of political controversy it should seek to present the different positions in relation to the issue in question in a fair manner.

On appropriate publicity the code states that:

- “ Local authorities should not publish or incur expenditure in commissioning in hard copy or on any website, newsletters, newsheets or similar communications which seek to emulate commercial

newspapers in style or content. Where local authorities do commission or publish newsletters, news-sheets or similar communications, they should not issue them more frequently than quarterly, apart from parish councils which should not issue them more frequently than monthly. Such communications should not include material other than information for the public about the business, services and amenities of the council or other local service providers.

The following table set out which councils have been written to and for what reason:

Local authority	Required compliance	Alleged form of non-compliance
The Royal Borough of Greenwich	Comply with all provisions in the Code by 1 May	Not objective, not even-handed, 'Greenwich Time' is published 50 times a year
The London Borough of Hackney	Comply with the Code's provisions on frequency of publication by 1 May	'Hackney Today' is published fortnightly
The London Borough of Tower Hamlets Council	Comply with all provisions in the Code by 1 May	Not objective, not even-handed, 'East End life' is published weekly
Newham Council	Comply with all provisions in the Code by 1 May	Not even-handed, 'the Newham mag' is published fortnightly
The London Borough of Waltham Forest	Comply with all provisions in the Code by 1 May	Not even-handed, 'Waltham Forest News' is published fortnightly

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Email meic.sullivan-gould@towerhamlets.gov.uk

8 May 2014

www.towerhamlets.gov.uk

Our Ref: L/MSG
Your Ref:

Dear Permanent Secretary

RE: Tower Hamlets Council Best Value Inspection

Thank you for your letter dated 17 April 2014. The Head of Paid Service has passed it to me and asked me to respond on the Council's behalf and to lead on the engagement of the Council with the Extraordinary Audit mandated by the Secretary of State on 4 April and being undertaken by PwC.

I regret to say that your letter is entirely unsatisfactory.

In his letter to you dated 10 April 2014, Mr. Halsey raised 5 points with a view to obtaining an explanation of the reasons for the Secretary of State's decision to initiate an inspection pursuant to section 10 of the Local Government Act 1999. I will not repeat those points in full, but by way of summary, Mr. Halsey (1) requested copies of the documents which the Secretary of State had said he took into account when reaching his decision; (2) asked for details of the "allegations about poor governance and possible fraud" which the Secretary of State had said should be investigated (but had not identified); (3) asked the Secretary of State to identify the matters referred to in the *Panorama* broadcast of 31 March 2014, which he said he had taken into account (but had not identified); (4) asked the Secretary of State to explain how the PwC terms of reference were consistent with the scope of the section 10 power, and to state the matters that had led him to suspect that in the period since October 2010 (the period specified by the Secretary of State) the Council may not have complied with its obligations under Part 1 of the 1999 Act; and (5) asked that the Secretary of State identify and provide copies of the material he said he had passed to the Police.

Your letter dated 17 April 2014 does not even attempt to address these matters. It does no more than – in the barest of outline – summarise the content of the letter dated 4 April 2014. It provides no further information at all.

In respect of some of the information you state that disclosure would *“risk impeding the ongoing inspection and any future police investigation”*. This reference to the possibility of police investigation is entirely speculative. As you know, on 16 April 2014 the Metropolitan Police stated publicly that the information provided to them (presumably by the Secretary of State) provided *“no credible evidence of criminality”*. As to the possibility that disclosure of some of the information relied on by the Secretary of State might impede the inspection, even if this concern is warranted, it does not prevent the Secretary of State providing the Council with copies of the remainder of the information he relied on. Nor does it prevent you from providing answers to the points summarised at (2) – (4) above, or prevent you from providing copies of the documents referred to at (5) above.

You also say that some of the material relied on by the Secretary of State was provided to him on a “confidential basis”. To the extent that when taking the decision to exercise his section 10 power the Secretary of State relied on documents that were not provided to him on a “confidential basis”, the points made in the last paragraph apply – i.e. as this condition clearly did not apply to all information relied on by the Secretary of State, it cannot provide a reason for refusing to provide that other information. However, there is also a more fundamental point. It is entirely inappropriate for a Secretary of State to exercise statutory powers of investigation and then simply assert that “confidentiality” prevents him saying why. While I can see that in some circumstances the legitimate requirements of an investigation may justify holding back some information, temporarily, this is not the point that you make in this part of your letter. Rather, you seem to be saying that because some information has been provided “on a confidential basis” the Secretary of State is unable to provide any reasons for his decision. With respect, that is not an appropriate or permissible approach to a matter of public importance. If you disagree, please explain why the public interest properly to understand the reasons for the Secretary of State’s decision does not outweigh the condition of confidentiality that you rely on.

I invite you to reconsider your position, and to provide proper responses to the points set out in Mr. Halsey’s letter dated 10 April 2014.

This is a matter of real importance. As you also know, the inspection that may take place is “an inspection of ... compliance with the requirements of [Part 1 of the 1999 Act] in relation to specified functions”. The Secretary of State must have reasonable grounds for a decision to exercise his powers, and any decision to exercise the powers must itself be reasonable and proportionate. As matters presently stand it is far from clear that the Secretary of State’s decision to exercise his section 10 powers was a lawful decision.

First, you have declined to provide any response to the matters raised by Mr. Halsey. For the reasons set out above, your approach is not justified.

Second, the conduct of the inspectors that the Secretary of State has appointed PwC suggests that there is no proper basis for the decision to inspect the Council’s compliance with its obligations under Part 1 of the 1999 Act. For example, PwC have requested copies of all emails sent and received, in the period from October 2010 to date, by 27 of the elected members of the Council and 47 of its officers. The request covers all functions of the Council

– it does not distinguish between those functions of the Council that are overseen by Government Departments other than DCLG and it is not limited even to the functions mentioned in the Secretary of State's letter dated 4 April 2014. Such a blanket request strongly suggests that what is taking place is not an inspection in respect of specific concerns, but rather a trawl through vast quantities of information in the hope that something to inspect will crop up. Moreover, it is more than a little concerning that without any form of explanation, the request directed to the emails of elected members covers 13 of the 26 Labour Party Councillors, 12 of the 15 elected members who are not members of any political group, the sole Liberal Democrat Councillor, but no Councillor from any other political party. In this regard too the request is simply for every email sent and received in the course of almost 4 years; there is no attempt to focus the request. If these two matters (lack of explanation for selection of the class; unlimited scope of the request) are taken together, the appearance is of an investigation driven by political considerations, not one that is genuinely concerned with the Council's compliance with its obligations under Part 1 of the 1999 Act. The investigation is not focused even on the matters referred to in the Secretary of State's letter dated 4 April 2014; and if this is so then it strongly suggests that the reasons for the Secretary of State's decision are not the ones set out in that letter.

Third, even putting the reasons for the section 10 decision to one side, the scope of the inspection appears to be entirely disproportionate. To give just one example, even assuming that the Secretary of State is concerned with some of the property transactions undertaken by the Council since 2010, does that concern really include all the Right to Buy sales, all grants of tenancies and all decisions on commercial lettings? PwC have asked to review all those transactions. Based on what the Secretary of State's inspectors are doing, the Council is faced with a largely unfocussed and incoherent set of issues. This too is at odds even with what the Secretary of State said in his 4 April 2014 letter.

I would be grateful for a substantive response to the matters set out above. The Council has serious concerns as to the legality of the Secretary of State's decision to exercise his section 10 powers, and in respect of his decision as to the scope of the inspection now in progress. I would be grateful if you could provide that response as soon as possible.

Pending your response, please take notice that I shall be requiring PwC to specify how their current and any future data requests are directed towards the Council's compliance with Part 1 of the 1999 Act and also how they relate to the four areas of attention that the Secretary of State mandated in their Letter of Appointment of 4 April 2014. I shall be advising the Council that it has no legal obligation to respond to requests for data from PwC that are beyond both their statutory and mandated remit and certainly not to pay for any audit activity which is beyond their proper authority.

Yours sincerely



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Interim Monitoring Officer

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12th May 2014

Dear Permanent Secretary,

LBTH Best Value Inspection

I am the officer currently charged with responsibility for administration of the London Borough of Tower Hamlets' financial affairs under Section 151 of the Local Government Act 1972.

I write further to your letter of 4th April 2014 to the Council's Head of Paid Service, Mr Stephen Halsey. Your letter states that PricewaterhouseCoopers LLP (PWC) have been appointed by the Secretary of State, under section 10 of the Local Government Act 1999, to carry out an inspection of the Council's compliance with the requirements of Part 1 of the 1999 Act in particular with regard to the Council's functions under section 151 of the Local Government Act 1972.

Section 12 of the 1999 Act, as amended by the Local Audit and Accountability Act 2014 states that an authority inspected under section 10 *"must pay the reasonable fees of the inspector"*. Prior to the amendment of section 12 the fees payable by an authority were set out in a scale of fees set published the Audit Commission, following consultation with appropriate representative local government bodies. However, now there is no such scale of fees. Nothing has been published at all to indicate what approach will now be taken when determining what are "reasonable fees" for the purposes of a section 10 inspection. The matter now appears to be entirely open ended.

I would be grateful if you could let me know the principles which the Secretary of State intends to put in place for the purposes of determining how and by whom "reasonable fees" will now be determined.

As chief financial officer, I have a duty to ensure sufficient financial provision is made available to meet the cost of any liability under section 12 of the 1999 Act. From what I can tell, under the original section 12 provisions the cost of an inspection by the Audit Commission might have been somewhere between £60,000 and £100,000. I am concerned that the approach taken to date by PWC will be significantly different. At present there are around 20 PWC

employees (described as forensic auditors) on site at the Council. I have been informed that the inspection may take up to 3 months to complete. This suggests that what PWC may seek to charge may well be out of all proportion to the costs of inspections to date (perhaps up to 10 times what might previously have been charged by the Audit Commission).

You will therefore understand that I need to have a clear idea of the approach that will be taken under section 12 of the 1999 Act to the determination of the "reasonable fees" that are to be paid by the Council. The position is rendered even more acute because the date for finalising the Council's 2013/14 accounts is now fast approaching. I need to determine whether additional provision needs to be set aside and reported for this item; and I need to be able to determine this as a matter of urgency. If there may be significant implications for the medium term financial plan of the authority, and I will be required to report to Full Council accordingly.

For these reasons I would be grateful if you could set out the principles that will be applied as regards the application of section 12 of the 1999 Act. Could you also address principles that will be applied in respect of (a) arrangements for payment, including interim payments; and (b) arrangement for determination of "reasonable fees" in the event of dispute. I look forward to your response.

Yours faithfully,



CHRIS HOLME
ACTING CORPORATE DIRECTOR, RESOURCES / SECTION 151 OFFICER



Department for
Communities and
Local Government

Meic Sullivan-Gould
Interim Monitoring Officer
London Borough of Tower Hamlets
Via email
Meic.sullivan-gould@towerhamlets.gov.uk

14 May 2014

Dear Mr Sullivan-Gould

Re: Tower Hamlets Best Value Inspection

Thank you for your letter of 8 May 2014 to Sir Bob Kerslake, to which I have been asked to respond. In your letter you explain that your Council has serious concerns about the legality of the Secretary of State's decision to exercise his section 10 powers, including about the legality of the scope of the inspection. You also ask Sir Bob Kerslake to re-consider the position he set out in his letter of 17 April in response to a letter of 10 April to him from Mr Halsey, your Council's Head of Paid Service & Corporate Director Communities, Localities & Culture.

In his letter of 10 April, Mr Halsey assured Sir Bob of the Council's intention to co-operate fully with PwC, an assurance which Sir Bob welcomed in his response of 17 April. In this context, I hope my comments below will assist your Council fully to fulfil its intention, enabling the inspection to be effectively undertaken as efficiently and expeditiously as possible – which should be the focus now for all, as Sir Bob highlighted in his letter.

The Secretary of State has appointed PwC to carry out a best value inspection (not an Extraordinary Audit to which you make reference in your letter) of the compliance of your Council with the requirements of Part 1 of the Local Government Act 1999 in relation to certain functions. These 1999 Act requirements include the general duty that an authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

As is stated in the letter of appointment to PwC, the current inspection is of compliance with the 1999 Act duties mentioned above in relation to your Council's functions "in respect of governance, particularly the authority's functions under section 151 of the Local Government Act 1972". These are the specified functions for the purposes of section 10(1) of the 1999 Act. The inspection is thus wide-ranging and the Secretary of State is clear that any matter relating to the arrangements your Council has made and operated for its governance is within scope.

Paul Rowsell
Deputy Director - Democracy
Department for Communities and Local Government
3/J1, Eland House
Bressenden Place
London SW1E 5DU

Tel 0303 44 42568

Email paul.rowsell@communities.gsi.gov.uk

It is a misreading of the appointment letter to see the scope of the inspection as being limited to the four particular matters mentioned. These four matters are referred to in a direction given to PwC pursuant to section 10(4)(b) of the 1999 Act, being the matters to which initially the inspection should in particular relate. If the inspectors consider that in order to fulfil their appointment relating to your Council's governance functions they need to cover other matters, it is appropriate for them to do so.

Best value inspections under the 1999 Act are the preliminary stage of a process which may lead to the authority concerned being directed by the Secretary of State to undertake a possible range of actions as provided for in section 15 of the 1999 Act. Specifically, section 13 of the 1999 Act provides that an inspector's report must both mention any matter in respect of which the inspector believes as a result of the inspection that the authority is failing to comply with the 1999 Act duties, and may recommend, if there is such a matter, that the Secretary of State gives a direction under section 15 of the 1999 Act.

As you say, the Secretary of State's decision to appoint a person to carry out an inspection must be reasonable and proportionate. Given that an inspection is a preliminary stage of a process designed to inform objectively any further stages of the process, it is reasonable and proportionate to instigate an inspection in circumstances where significant allegations have been raised, publicly or otherwise, which cast doubt on an authority's compliance with its 1999 Act duties. Moreover, any such inspection needs to be sufficiently wide and comprehensive to provide, as the case may be, either a robust assurance that in fact there is compliance, or both to identify matters of non-compliance, and if the inspector considers appropriate, for him to recommend the Secretary of State gives directions under section 15 of the 1999 Act.

In the case of your Council, as the appointment letter states, appropriate further investigations of your council were recommended by PwC, a well-respected audit firm, to establish whether allegations about poor governance and possible fraud, made in certain documents reviewed by PwC, have any foundation. Moreover, as also stated in the appointment letter, significant allegations have been made in the BBC Panorama programme about governance failures, poor financial management and possible fraud – these allegations alone being reason enough to instigate the inspection which is being carried out.

In short, the Secretary of State's reasons for appointing inspectors are as follows. Serious allegations have been made about governance at Tower Hamlets. A well-respected audit firm has recommended further investigation about certain allegations. In these circumstances, serious doubt has been cast on whether your Council is compliant with its 1999 Act duties in relation to the exercise of its governance functions. Accordingly, the Secretary of State believes an inspection is necessary to provide either assurance of compliance or to identify matters of non-compliance, and possibly appropriate remedial action. He is clear that without such an inspection the public could have no continuing confidence that your Council has in place arrangements to ensure it delivers value for money in its use of public resources.

Against this background, Sir Bob Kerslake has reviewed his letter to Stephen Halsey of 17 April and considered his position afresh. He remains of the view that the reasons for the Secretary of State's decisions as to the inspection and its scope are clear, and above

I have further articulated these and the approach the Secretary of State has adopted to the exercise of his section 10 powers.

Sir Bob also remains of the view that some of the material to which the Secretary of State had regard – the Panorama programme – is in the public domain, and that “other material has been provided to the Department on a confidential basis and it would be a breach of confidence and risk impeding the ongoing inspection and any **potential** future police investigation [my emphasis: in your letter you misquote Sir Bob as referring to “any future police investigation”], to make this information more widely available, including to your Council”. Moreover, he does not accept your suggestion that reference to the possibility of police investigation is entirely speculative; in their statement the Metropolitan Police Service stated that “it is appropriate for the material to be reviewed further by PwC and DCLG. We will continue to liaise with them should their audit uncover any evidence of criminality”.

Finally, you refer to certain matters relating to the conduct of the inspection. These are entirely matters for the inspector. I have explained the basis of the appointment and the scope of the inspection. How the inspectors discharge their remit is a matter for them. It is important, as you will appreciate, that whatever precise approach they adopt, for example in relation to obtaining documents and information, it will ensure the completeness and robustness of their conclusions, having regard to their remit to report your Council’s compliance with its duties under Part 1 of the 1999 Act in relation to its functions in respect of governance, particularly the authority’s functions under section 151 of the Local Government Act 1972.

Yours sincerely,

A handwritten signature in black ink that reads "P. Rowsell". The signature is written in a cursive style with a horizontal line underneath the name.

Paul Rowsell



Department for
Communities and
Local Government

Mr Chris Holme
Acting Corporate Director, Resources /
Section 151 Officer
London Borough of Tower Hamlets
Email: chris.holme@towerhamlets.gov.uk

28 May 2014

Dear Mr Holme

London Borough of Tower Hamlets Best Value Inspection

Thank you for your letter of 12 May 2014 to Sir Bob Kerslake, to which I have been asked to respond. In your letter, you state that you are aware that section 12 of the Local Government Act 1999 provides that the London Borough of Tower Hamlets must pay the reasonable costs of the inspector and you ask to know "the principles which the Secretary of State intends to put in place for the purposes of determining how and by whom 'reasonable fees' will now be determined".

The statute makes no provision about any determination of fees, rather it places a duty on the authority concerned to pay the reasonable fees of the inspector for carrying out the inspection. In short, the authority must pay the fees charged by the inspector as long as these are reasonable.

In practice, the fees which the inspector, PwC, will charge are those in accordance with the competitive rates for which provision is made in an existing call-off framework contract which the Department entered into with PwC in April 2013. The amount of fees charged will of course depend on the work which the inspector considers it necessary to undertake, which will become clearer over the coming weeks. Our intention is that as soon as practicable – likely to be early June – we will be able to give you some indication of the aggregate amount of fees which your council will have to pay.

Yours sincerely

Paul Rowsell

Guest post by Panorama's John Ware: Poison might be drawn with more scrupulous regard to truth

May 29, 2014 by [trialbyjeory](#)

This is a guest post by John Ware, the BBC Panorama reporter who fronted the Mayor and Our Money programme on March 31. This is the first proper response by the Panorama team to some of the accusations and smears directed towards them from senior officers and politicians in the town hall, both before the programme and since.



[The former leader of Tower Hamlets Professor Michael Keith observes](#) that the Mayor's "popularity...speaks more to the strengths of community networks, Sylheti ties and the mobilising forces of his political machine."

It is striking just how much The Facts have become flattened in this process – and how tenuous has been the relationship to truth in some notable cases.

Having now observed the sectarian politics of Tower Hamlets at close quarters, it seems to me that some of the poison might be drawn if those in positions of responsibility had a more scrupulous regard for facts and truth.

Yesterday, Mayor Lutfur Rahman's adviser, Kazim Zaidi [wrote on this blog](#):

"And then there was Panorama, aired just two weeks before the purdah period. Panorama claimed dodgy dealings with grants; it cited the Mayor's car as an example of his profligacy."

We made no mention of the Mayor's car.

And:

".. and highlighted his apparent reluctance to attend scrutiny meetings.."

What we actually highlighted was the Mayor's failure to answer questions in the council's key scrutiny forum: Overview and Scrutiny. O&S minutes show this to be a fact.

The Mayor also seems to have been reluctant to attend O&S. Since the Mayor took office, we could find records of only four attendances: two as a non-speaking attendee, and two when he gave a verbal presentation on his work.

And:

“...and answering questions in council, failing to point out that Rahman has attended more scrutiny sessions and answered more questions in council than his Labour counterparts in Newham and Lewisham.”

Mr Zaidi cites only “attendance” in respect of Overview & Scrutiny – presumably because he knows that the pertinent issue here is not attendance but willingness to answer questions.

And, as my commentary said:

“...In the last year Mayor Rahman is the only one out of all England’s 15 directly elected Mayors not to have answered questions at O & S.”

According to Newham Council, its Mayor “attended two overview and scrutiny meetings in the last 12 months and has answered questions at both meetings”; and according to Lewisham Council, its Mayor attended “on 20 June 2013” where there were “informal questions”.

The marked reluctance of the Mayor to answer questions at Overview and Scrutiny was especially relevant to our examination of his record on governance. After all, in firing the opening shots of the election campaign, the Mayor claimed to uphold the “highest standards of probity and transparency”.

And:

“As for the rest, police found ‘no new credible evidence’ of fraud.....”

As for the “rest”? Once again, as Mr Zaidi knows, we made no allegation against the Mayor of criminality or fraud in the programme. Like the Mayor and the Council, Mr Zaidi has conflated the Metropolitan Police statement of 16 April that there was “no credible evidence” of fraud or criminality in Panorama files (which the DCLG sent to the Met Police) with the quite separate contents of the broadcast Panorama programme.

The Police statement was not, as the Council’s misleading statement said, “in relation to recent allegations made in the BBC Panorama programme”, thereby quite wrongly implying that the Police had cleared the Mayor of fraud allegations “in the Panorama programme”.

The Mayor, the Council and Mr Zaidi know perfectly well that no allegations of fraud or of criminality were made against the Mayor personally by the BBC, nor in our files.

However, as the council also very well knew, Panorama's files DID contain evidence that raised allegations of fraud in respect of a youth organisation that had been grant funded. The reason the Police did not attribute this to Panorama was because the council – not Panorama – had referred the case to the CID at Tower Hamlets.

What the council did not say, however, was that they only referred the case to the Police just days after we had submitted 25 very detailed questions to them about the alleged fraud, thus alerting them to the possibility the programme might disclose the fact that the council had known about the case for months – but not referred it to the police.

Our attempts to persuade the Council to correct the misleading impression from their partial statement at the height of the election campaign were ignored by the Council – the same Council which spent tens of thousands of taxpayers' money trying to stop the BBC from broadcasting the programme in the first place by claiming it would "reduce the chances of a free fair and credible election."

The BBC's duty was not only to be fair, factual and impartial to the politicians contesting the election – but also to inform the electorate. Judging by the record turnout – which pushed up both the Mayor's vote and Labour's – the evidence suggests that far from undermining democracy the BBC might actually have helped reinvigorate it.



The Rt.Honourable Eric Pickles MP
Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU

Via Email: eric.pickles@communities.gsi.gov.uk

2 June 2014

Lutfur Rahman
Mayor of Tower Hamlets

Tower Hamlets Town Hall
5 Clove Crescent
London E14 2BG

Tel 020 7364 6971
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Mayor@towerhamlets.gov.uk

Dear Mr Pickles,

You will be aware that Tower Hamlets' residents have re-elected me as their Mayor for the next four years. It continues to be an honour for me to serve all residents and I am sure you share my view that the best way to do so is for local, regional and national politicians to find common ground and work together.

My officers have updated me on your auditors' inspection which I continue to welcome. I trust you will agree that we have offered every assistance and I very much hope that they will report within the original timeframe, especially in light of the announcement by the Metropolitan police that they have received no credible evidence of criminality.

I am concerned about the mounting costs of the inspection, which as you will be aware, are paid for by Tower Hamlets' council tax payers. In a letter from your permanent secretary to my chief finance officer, it appears that Price Waterhouse Coopers will charge competitive rates with no upper limit on the costs.

We have asked your officials on several occasions for clarity regarding the evidence justifying the audit, the likely costs to be borne by local residents and the extent to which the audit remains within the parameters set by the legal powers you have used. To date we have not received a satisfactory response to the above.

In the context of national government cuts to local government requiring the council to find savings of over £100m over the next three years, it is incumbent upon both of us to ensure the inspection is carried out as efficiently as possible. This should of course be done without compromising Price Waterhouse Coopers' ability to thoroughly complete their deliberations. I would be grateful therefore if we could meet to discuss a way forward on this.

I would finally like to take this opportunity to invite you to visit the borough to meet officers, residents and our third sector partners to see first-hand our achievements over the past four years and our plans for the next four.

I look forward to your reply.

Yours sincerely,

Lutfur Rahman
Mayor of Tower Hamlets

Mr Paul Roswell

Deputy Director - Democracy
Department for Communities and Local
Government
3/J1 Eland House
Bressenden Place
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By email in the first instance to:
paul.roswell@communities.gov.uk

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Email
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DX Tower Hamlets Legal Department
42656 Isle of Dogs

www.towerhamlets.gov.uk

02 June 2014

Our Ref: STC.58/DG

Dear Mr. Rowsell,

Re: Proposed claim for judicial review; letter before claim

I act on behalf of the London Borough of Tower Hamlets. I write in response to your letter dated 14 May 2014 to Mr. Sullivan-Gould. Please note that this letter is a formal letter before claim, and follows the format of the pre-action protocol.

1. To

The Secretary of State for Communities and Local Government
Eland House, Bressenden Place, London. SW1E 5DU

2. The Claimant

The London Borough of Tower Hamlets
6th Floor Legal Services, 5 Mulberry Place, London, E14 2BJ DX 42656 Isle of Dogs

3. Reference details

Please send any correspondence in relation to this matter to me, at the above address, marked with reference STC.58/DG

4. Details of the matter being challenged

The Secretary of State's decision to appoint inspectors to undertake an inspection of the Council, pursuant to section 10 of the Local Government Act 1999, as set out in the letter to the Council dated 4 April 2014, and as further stated in the letter to the Council dated 14 May 2014.

5. The issue

In summary, the Council contends as follows.

First, the Secretary of State has unlawfully failed to provide the reasons (alternatively any sufficient statement of the reasons) for the decision to cause an inspection to take place in exercise of his powers under section 10 of the 1999 Act.

Secondly (and consequent upon his failure to state the reasons for his decision), the Secretary of State has unlawfully failed to provide responses to requests for information and for documents as set out in the Council's letter dated 10 April 2014. See further at (5) below.

Thirdly, the Secretary of State's exercise of his section 10 power is unlawful. In the absence of any proper statement of the reasons for the decision, there is no basis for a conclusion that the Secretary of State has exercised his power lawfully: there is no basis to conclude either that there is any sufficient rational grounds for his decision, or that he has exercised his powers under the 1999 Act in pursuit of a legitimate objective, or that the scope of the inspection directed by the Secretary of State is reasonable and proportionate.

The Secretary of State has failed to explain the connection between the four matters he has directed PWC to inspect (see at (2) below) and the purpose of the power under section 10 of the 1999 Act, which is to ensure compliance with obligations arising under Part 1 of the 1999 Act. Further, in his most recent letter (see below at

(8)) he has stated that the inspection covers all matters relating to the arrangements made by the Council for its own governance. The Secretary of State has provided no basis for a decision to undertake such a wide-ranging inspection (and had not previously stated that this was the scope of the inspection).

(1) The Secretary of State's decision is contained in the letter to the Council dated 4 April 2014. Pursuant to section 10 of the Local Government Act 1999 ("the 1999 Act") the Secretary of State appointed inspectors (Pricewaterhouse Coopers Plc – "PWC") to undertake an inspection relating to the Council's compliance with the requirements of Part 1 of the 1999 Act. The primary obligation under Part 1 of the 1999 Act is at section 3(1) and requires a best value authority to "*... make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness*". The Secretary of State's letter also stated that the inspection would relate to "*the [Council's] functions in respect of governance, in particular the [Council's] functions under section 151 of the Local Government Act 1972*". Section 151 of the 1972 Act requires every local authority to "*... make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs*".

(2) The letter stated that the Secretary of State had directed PWC to consider (1) payment of grants and connected decisions; (2) the transfer of property to third parties; (3) spending and decisions in relation to publicity; and (4) processes and practices for entering into contracts (referred to together in this letter as "the four matters").

(3) The second paragraph of the letter stated as follows (so far as material for present purposes).

"In making this appointment the Secretary of State has had regard to certain documents that the Department has received about governance in Tower Hamlets, and the review of these documents undertaken by PWC, which

recommends that appropriate further investigations are carried out to establish whether allegations about poor governance and possible fraud have any foundation. ... He has also had regard to the BBC Panorama programme broadcast on 31 March 2014, which made allegations about governance failures, poor financial management and possible fraud at Tower Hamlets, particularly in relation to grant payments."

(4) Since 4 April 2014 there has been further correspondence between the Council and the Secretary of State: see, letters dated 10 April 2014, 17 April 2014, 8 May 2014, and 14 May 2014. For present purposes, the content of these letters may be summarised as follows.

(5) By its letter dated 10 April 2014 the Council: (a) asked the Secretary of State to identify the "*certain documents*" referred to in the letter dated 4 April 2014 and to provide copies of those documents; (b) asked the Secretary of State to identify the allegations of "*poor governance*" and "*possible fraud*" which he had taken into account when deciding to appoint the inspectors; (c) asked the Secretary of State to identify the matters referred to in the BBC Panorama programme which he had taken into account; and (d) asked the Secretary of State to explain the way in which the proposed inspection into the four matters corresponded to the Secretary of State's power under section 10 of the 1999 Act.

(6) The letter dated 17 April 2014 sent on behalf of the Secretary of State asserted that the 4 April 2014 letter "*sets out clearly the basis of the Secretary of State's decision*". The letter did not attempt to address the point at (d) above. As regards the matters at (a) and (c) above, the letter stated that "*some material*" was already in the public domain, but did not attempt to say what this was; it stated that other material had been provided on a "*confidential basis*". In any event, the Secretary of State did not provide copies of any documents relied on for the purposes of his decision under section 10 of the 1999 Act. The letter did not address the point at (b) above at all.

(7) By a letter dated 8 May 2014 the Council stated that the Secretary of State's response was unsatisfactory, and repeated its requests. The Council also stated that in the absence of further explanation it was not clear that the Secretary of State had acted lawfully either in deciding to appoint inspectors or in respect of the terms of reference of the inspection; and that this conclusion was supported by the actions of PWC who had made blanket requests for information, not directed to the four matters which the Secretary of State had referred to in his 4 April 2014 letter.

(8) The Secretary of State's letter dated 14 May 2014 stated that *"the inspection is ... wide-ranging and the Secretary of State is clear that any matter relating to the arrangements your Council has made and operated for its governance is within scope"*. The letter asserted that *"significant allegations"* had been raised that *"cast doubt"* on the Council's compliance with duties under the 1999 Act, and that *"serious allegations have been made about governance at tower Hamlets"* and that PWC had recommended *"further investigation about certain allegations"*; however the letter did not identify what the allegations were. So far as the conduct of the inspection was concerned, the Secretary of State asserted that such matters were *"entirely"* for PWC.

(9) The Council's proposed challenge is on the grounds summarised at the beginning of this section.

(10) The Secretary of State was under a duty to state the reasons for his decision. He has failed to provide reasons, and/or sufficient reasons for his decision under section 10 of the 1999 Act, and has therefore acted unlawfully. The Secretary of State should have addressed the questions posed in the Council's letter dated 10 April 2014 (see at (5) above). He has not done so. In the premises, (a) the Secretary of State has unlawfully failed to identify the allegations which caused him to exercise his powers; (b) the Secretary of State has unlawfully failed to identify or provide copies of relevant documents which he took into account when taking his decision; (c) the Secretary of State has unlawfully failed to state reasons which explain the connection between the four matters identified in his letter dated 4 April 2014 and the

purpose for which an inspection may be undertaken in exercise of the section 10 powers; and (d) the Secretary of State has unlawfully failed to provide reasons which explain the basis for the decision (referred to in his letter dated 14 May 2014) for a “*wide-ranging*” inspection concerning any matter relating to arrangements made by the Council for its governance.

(11) In the absence of any sufficient explanation of the reasons for the Secretary of State’s decision, the Council contends as follows. (a) The decision is unlawful because there is no rational basis for it. (b) The section 10 power is not a power to inspect or investigate at large. It is a power to inspect in relation to compliance with obligations arising under Part 1 of the 1999 Act. There is no relevant and rational connection between the four matters and the purpose for which the section 10 power to inspect may be used. (c) The Secretary of State has now made it clear that his decision is that there should be a “*wide-ranging*” inspection concerning any matter relating to arrangements made by the Council for its governance. There is no rational basis for a decision to undertake an inspection of that nature and scope.

6. Details of the action that the Secretary of State is expected to take.

(1) The Secretary of State should, forthwith, make good his failure to state the reasons for his decision, and should address the matters summarised at (10)(a) – (d) above.

(2) The Secretary of State should direct that the inspection presently in progress should cease. He should agree to meet the costs of the inspection to date (i.e. the costs of the inspectors which will otherwise fall on the Council by reason of section 12 of the 1999 Act).

(3) In the event that proceedings are issued, as presently advised the Council is minded to seek the following orders: (a) interim relief in the form of an injunction preventing the continuation of the inspection pending determination of the application for judicial review; (b) a mandatory order requiring the Secretary of State to provide

reasons for his decision, and without prejudice to the generality of the foregoing, to address the matters summarised at (10)(a) – (d) above; (c) an order quashing the Secretary of State’s decision under section 10 of the 1999 Act; (d) an order requiring the Secretary of State to indemnify the Council in respect of any inspection fees that may be imposed on it pursuant to section 12 of the 1999 Act; (e) an order for compensation in respect of the loss and damage caused to the Council consequent upon the Secretary of State’s exercise of his section 10 powers.

7. Details of legal advisers dealing with this claim

As stated above, I act on behalf of the Council in respect of this claim. Please address all correspondence to me using the address and reference details stated at 2 and 3 above.

8. Details of any interested parties

The Council has not identified any interested parties

9. Details of information sought; documents requested

The Secretary of State is requested to provide the following information and documents.

(a) Identify the “*certain documents*” referred to in the letter dated 4 April 2014 and to provide copies of those documents, together with copies of all other documents relied on for the purpose of the decision under section 10 of the 1999 Act.

(b) Identify the allegations of “*poor governance*” and “*possible fraud*” and/or any other allegation which he had taken into account when deciding to appoint the inspectors, and/or caused him to take the decision he did in exercise of his powers under section 10 of the 1999 Act.

(c) Identify the matters referred to in the BBC Panorama programme which he had taken into account.

(d) State how the inspection into the four matters specified in the 4 April 2014 letter corresponds to the Secretary of State's power under section 10 of the 1999 Act.

(e) State the reasons which explain the basis for the decision (referred to in his letter dated 14 May 2014) for a "wide-ranging" inspection concerning any matter relating to arrangements made by the Council for its governance.

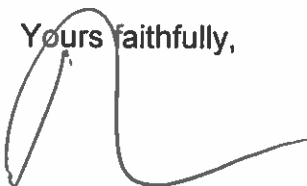
10. The address for reply and for service of court documents

The London Borough of Tower Hamlets
6th Floor Legal Services, 5 Mulberry Place, London, E14 2BJ
DX 42656 Isle of Dogs
Reference: STC.58/DG

11. Proposed date for reply to this letter

A response to this letter is requested within 14 days of the date of this letter.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'David Galpin', with a long horizontal flourish extending to the right.

David Galpin
Service Head Legal Services

From: Meic Sullivan-Gould
Sent: 10 June 2014 13:11
To: Paul Rowsell
Subject: Tower Hamlets Best Value Inspection - Personal, Private and Confidential

Paul

You may not be able to respond to this given the Letter Before Action that the Council's Solicitor has sent to the Department but, on a "without prejudice" basis, can I draw attention to a discrepancy between your report of what the Panorama programme was saying and what the Panorama Reporter (John Ware) is now publicly saying?

You may not be aware of the "Trial by Jeory" blogsite that Ted Jeory (of Express Newspapers) runs, apparently as a hobby, but John Ware made a "Guest Post" on that site on 29 May 2014: <http://trialbyjeory.wordpress.com/2014/05/29/guest-post-by-panoramas-john-ware-poison-might-be-drawn-with-more-scrupulous-regard-to-truth/> that included the following clarification:

““As for the rest, police found ‘no new credible evidence’ of fraud.....”

As for the "rest"? Once again, as Mr Zaidi knows, we made no allegation against the Mayor of criminality or fraud in the programme. Like the Mayor and the Council, Mr Zaidi has conflated the Metropolitan Police statement of 16 April that there was "no credible evidence" of fraud or criminality in Panorama files (which the DCLG sent to the Met Police) with the quite separate contents of the broadcast Panorama programme.

The Police statement was not, as the Council's misleading statement said, "in relation to recent allegations made in the BBC Panorama programme", thereby quite wrongly implying that the Police had cleared the Mayor of fraud allegations "in the Panorama programme".

The Mayor, the Council and Mr Zaidi know perfectly well that no allegations of fraud or of criminality were made against the Mayor personally by the BBC, nor in our files.

However, as the council also very well knew, Panorama's files DID contain evidence that raised allegations of fraud in respect of a youth organisation that had been grant funded. The reason the Police did not attribute this to Panorama was because the council – not Panorama – had referred the case to the CID at Tower Hamlets."

Your letter to me of 14 May (para 8) suggests that the BBC programme contained "significant allegations...about...possible fraud". I know you to be a careful man and guarded in whatever you say publicly but you and Mr Ware cannot be both correct on this issue!

You will know (from the email that I sent you before the Panorama programme was broadcast – attached again) that in my view the Council had nothing to hide after my review of the issues when I arrived in January. There is huge concern here (as you will know from my colleague Chris Holmes' letter on the issue) about the costs of the audit. We now have 24 PwC forensic accountants who have been accredited to be in the building in connection with the audit: if they are looking for evidence of the frauds that the Secretary of State

believes that Panorama had exposed then even John Ware will say that they are wasting their time!

I recognise that you may have been put in an invidious position on this matter but it may be that John Ware has said one thing to you on which the Department has relied but which he is now repudiating in public and that could leave the Department without cover for an allegation that seems to have been in the Secretary of State's mind.

Both our organisations may be played off against one another here. If you think that that might be the case I will happily discuss how we can extricate them.

Meic Sullivan-Gould
Interim Monitoring Officer
Law, Probity and Governance Department

Tel 020 73644801
Email meic.sullivan-gould@towerhamlets.gov.uk
Web www.towerhamlets.gov.uk

London Borough of Tower Hamlets
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Department for
Communities and
Local Government

Mr David Galpin
Service Head Legal Services
London Borough of Tower Hamlets
5 Mulberry Place
London
E14 2BJ
DX 42656 Isle of Dogs
By email:
david.galpin@towerhamlets.gov.uk

19 June 2014

Your ref: STC.58/DG

Dear Mr Galpin

Re: Proposed claim for judicial review; letter before claim

1. We refer to your letter dated 2 June 2014. Because that letter was sent to an incorrect e-mail address, it was only received by us in hard copy on 5 June 2014, and consequently you have since agreed that we may reply to you by 19 June. In accordance with the pre-action protocol for judicial review, this is our response to your letter before claim.

The proposed claimant

2. The proposed claimant is the London Borough of Tower Hamlets ("the Council"), Legal Services, 6th Floor, 5 Mulberry Place, London E14 2BJ, DX 42656 Isle of Dogs

The proposed defendant

3. The proposed Defendant is the Secretary of State for Communities and Local Government.

Paul Rowsell
Deputy Director - Democracy
Department for Communities and Local Government
3/J1, Eland House
Bressenden Place
London SW1E 5DU

Tel 0303 44 42568

Email paul.rowsell@communities.gsi.gov.uk

Reference details

4. This matter is being dealt with by myself, Paul Rowsell, at the address on the first page of this letter.

Details of the matter being challenged

5. You are proposing to challenge the Secretary of State's decision of 4 April 2014 to appoint PricewaterhouseCoopers ("PWC") to carry out an inspection of the Council pursuant to s 10 of the Local Government Act 1999 ("the 1999 Act").
6. Although your letter purports to challenge this decision "as further stated" in my letter dated 14 May 2014 to your Council, for the reasons set out below, we do not accept that the letter of 14 May 2014 sets out anything materially different from the Secretary of State's letters of 4 April 2014.
7. Your letter sets out various proposed challenges to the Secretary of State's decision. Insofar as we understand them, they can be summarised as follows:
 - (1) The Secretary of State's decision was irrational. In particular:
 - (a) there is no rational connection between the four matters that the Secretary of State asked PWC initially to deal with on their inspection and the purpose of the power conferred by s 10 of the 1999 Act;
 - (b) there is no rational basis for conducting the type of "wide-ranging" inspection referred to in the Secretary of State's letter of 14 May 2014.
 - (2) The Secretary of State unlawfully failed to provide reasons (or, alternatively, sufficient reasons) for his decision. In particular:
 - (a) the Secretary of State did not identify the documents referred to in his letter of 4 April 2014 or provide copies of them;

- (b) the Secretary of State did not identify the particular allegations of poor governance and possible fraud that he took into account when reaching his decision;
- (c) the Secretary of State did not identify the particular matters referred to in the BBC Panorama programme that he took into account when reaching his decision;
- (d) the Secretary of State did not identify the connection between the four matters that the Secretary of State asked PWC initially to deal with on their inspection and the purpose of the power conferred by s 10 of the 1999 Act.

- (3) The Secretary of State has unlawfully failed to provide to the Council the information and documents that it requested in its letter of 10 April 2014.

Response to the proposed challenge

- 8. At the outset it is important to understand the scheme of Part I of the 1999 Act, and the place of s 10 within that scheme.
- 9. Section 10 of the 1999 Act is part of a legislative scheme that enables the Secretary of State to address failings in a local authority, specifically failings of an authority in its duty under s 3 of the 1999 Act to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (“the best value duty”). The legislative scheme involves a power to commission an inspection of a local authority (pursuant to s 10) and powers either to require an authority to take certain actions or to require that specified functions of the authority are exercised by the Secretary of State or by a person nominated by him (pursuant to s 15).
- 10. The powers to intervene pursuant to s 15 of the 1999 Act arise where the Secretary of State is satisfied that an authority is failing to comply

with its best value duty. Except in cases of urgency, before intervening in a local authority the Secretary of State is required to give the authority an opportunity to make representations, including representations about any inspection report as a result of which the direction is proposed (see s 15(9)).

11. An inspection is, therefore, a preliminary step that is designed to inform a subsequent decision as to whether there should be an intervention. There are a number of important features to note about this preliminary step. First, it is part of the oversight function that Parliament has conferred on the Secretary of State with a view to ensuring that the interests of the residents of a local authority's area are safeguarded and the public purse is protected. Second, Parliament has not prescribed any preconditions that must be met before the Secretary of State may decide to commission an inspection and nor has it prescribed the matters to which the Secretary of State may (or may not) have regard when taking such a decision. Third, Parliament has not prescribed any particular procedural steps that must be taken in relation to such a decision. In particular, Parliament has not, unlike under s 15 of the 1999 Act, required that a local authority have an opportunity to make representations. Fourth, the purpose of an inspection is not to prove or disprove specific allegations, but is to ascertain whether or not a local authority has complied with the best value duty. Fifth, an inspection is embarked upon in order to obtain the full facts of a case, rather than because a particular view of the facts has already been reached. Sixth, it is a process that (in appropriate cases) leads to further stages where, if intervention is contemplated, there is specific provision for the authority concerned both to be provided with the information on the basis of which that intervention is proposed and to make representations on it.
12. In light of the above, it is clear that Parliament intended that the Secretary of State would be entitled to commission an inspection under s 10 of the 1999 Act in circumstances where significant allegations

have been raised, publicly or otherwise, which cast doubt on an authority's compliance with its best value duty. In such circumstances an inspection needs to be sufficiently wide and comprehensive to provide, as the case may be, either a robust assurance that in fact there is compliance with the best value duty, or both to identify any areas of non-compliance and (if the inspector considers it appropriate to do so) to enable a recommendation to be made to the Secretary of State as to what intervention would be appropriate (see s 13(2) of the 1999 Act).

13. Where there is a failure of governance, poor financial management, or incidents of fraud at a local authority, it is almost inevitable that appropriate arrangements have not been made to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Governance failure, poor financial management, and incidents of fraud are typically paradigm manifestations of an authority's failure to comply with its best value duty. Accordingly, where it is alleged that a local authority has suffered from poor governance, poor financial management and/or fraud, that ordinarily suggests that there has been a failure on the part of the local authority to comply with its best value duty.

(1) Alleged irrationality

14. The first ground on which you allege irrationality is that there is, you say, no rational connection between the four matters that the Secretary of State asked PWC initially to deal with on their inspection and the purpose of the power conferred by s 10 of the 1999 Act.
15. The four matters that were mentioned in the Secretary of State's letters to the Council and PWC dated 4 April 2014 are: (i) the Council's payments of grants and connected decisions, (ii) the transfer of property by the Council to third parties, (iii) the Council's spending

decisions in relation to publicity, and (iv) the Council's processes and practices for entering into contracts.

16. We confess to being somewhat surprised that you should suggest that there is no rational connection between these four matters and the purpose of the power conferred by s 10 of the 1999 Act. As explained above, the purpose of the s 10 power is to inform a subsequent decision as to whether there should be an intervention in a local authority on the ground that the authority has failed to comply with the best value duty. Again as explained above, the best value duty is a duty to make arrangements to secure continuous improvement in the way in which an authority's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
17. The four matters referred to above all relate to important aspects of the Council's financial management. In our view, it is obvious that if the Council is failing in such important aspects of its financial management, that could (at the very least) suggest that the Council is failing to comply with its best value duty. Accordingly, it is obvious that the report of an inspection which addresses those matters is likely to be relevant to any decision by the Secretary of State to intervene (or not to intervene) in the Council.
18. In this context, we note that your letter provides absolutely no explanation of why you say that there is no rational connection between the four matters referred to above and the decision to commission an inspection. Not only does this constitute a failure to comply with the letter and the spirit of the pre-action protocol, it also suggests to us that you have no such explanation. For the reasons set out above, we find this unsurprising.
19. The second ground on which you allege irrationality is that, you say, there is no rational basis for commissioning the type of "wide-ranging" inspection referred in my letter to the Council dated 14 May 2014.

Before responding to this ground, it is important to address what appears to be a misapprehension evidenced by your letter. You seem to be under the impression that the type of inspection referred to in my letter of 14 May 2014 is somehow different to that referred to in the Secretary of State's letters of 4 April 2014. If you are under any such impression, it is mistaken. The letter to PWC of 4 April 2014 is clear that the inspection is to relate to "the [Council's] functions in respect of governance, particularly under s 151 of the Local Government Act 1972". Accordingly, from the outset, the Secretary of State made it clear that the inspection was to relate to the Council's functions in respect of governance. There was nothing in my letter of 14 May 2014 that was inconsistent with this, or which purported to expand the scope of the inspection as set out in the letters of 4 April 2014. The expression "wide-ranging" that I used in my letter is merely an apt adjective to describe what has been clear from the outset.

20. Turning to the substance of this second ground, your argument appears to be that there is no rational basis for deciding to commission an inspection into the Council's functions in respect of governance generally. Again, we note that in your letter you wholly fail to put forward a positive case to that effect. This is not surprising. As was set out in the Secretary of State's letter to the Council dated 4 April 2014, the Secretary of State had received documents which PWC advised merited further investigation to establish whether there has been, amongst other things, poor governance at the Council and he had had regard to the allegations made by a BBC Panorama programme that, amongst other things, there were governance failures at the Council. The PWC review of the documents stated the following:

"If the allegations made by the sources were well-founded (and, as stated above, we are not currently in a position to evaluate this either way), then this would indicate the existence of potential evidence of:

- Conflicts of interest;
- Abuse of position, possible fraud; and/or

- Failures of governance.

In the light of the above, we would recommend that appropriate further investigations be carried out to establish whether or not in fact the allegations have any foundation.”

21. If there has been poor governance at the Council, that could (at the very least) suggest that the Council is failing to comply with its best value duty. Accordingly, it is obvious that the report of an inspection which addresses those matters is likely to be relevant to any decision by the Secretary of State to intervene (or not to intervene) in the Council.
22. It follows that we reject your contention that the Secretary of State's decision is irrational. Indeed, we consider that your contention has an air of unreality to it. You are, in effect, arguing that where the Secretary of State receives information suggesting that there might have been governance failures, poor financial management and fraud at a local authority, with the potential consequent detriment to the residents of the local authority's area and the public purse that might follow from such failings, he cannot rationally commission an inspection to investigate those matters further. We consider that a court would regard such an argument as totally without merit.

(2) Alleged failure to provide reasons

23. The unstated premise of your proposed reasons challenge is that the Secretary of State was under a duty to give detailed reasons for his decision to commission an inspection under s 10 of the 1999 Act. We note that you cite no legal authority for such a proposition. Self-evidently, without knowing the legal basis for the various contentions that you make, we are in some difficulty in responding to them. If, in proper compliance with the Pre-Action Protocol for Judicial Review, you make good this omission, we will of course endeavour to respond further.

24. For the time being, however, even if for the sake of argument one assumes that the Secretary of State was under common law duty to give reasons (Parliament not having imposed any such duty in s 10 of the 1999 Act), bearing in mind the points made in paragraphs 8 to 13 above, we cannot see that such a duty would require the Secretary of State to do anything more than state briefly why he had commissioned an investigation. If such a duty applied, we consider that the Secretary of State has discharged it, both in his letter to the Council of 4 April 2014 and in subsequent correspondence.
25. In particular, in the Secretary of State's letter to the Council dated 4 April 2014, the Secretary of State clearly stated that he was commissioning an inspection under s 10 of the 1999 Act in light of certain documents received by him, PWC's review of those documents, and the BBC Panorama programme, which (as noted above) together raised allegations of poor governance, poor financial management and possible fraud. As explained above, it is obvious that those matters referred to in the Secretary of State's letter, if established, could suggest that the Council is failing to comply with its best value duty, and it was clearly rational for the Secretary of State to decide to commission an investigation on this basis. This was also made clear in my letter to the Council of 14 May 2014:

"Serious allegations have been made about governance at Tower Hamlets. A well-respected audit firm has recommended further investigation about certain allegations. In these circumstances, serious doubt has been cast on whether your Council is compliant with its 1999 Act duties in relation to the exercise of its governance functions. Accordingly, the Secretary of State believes an inspection is necessary to provide either assurance of compliance or to identify matters of non-compliance, and possibly appropriate remedial action. He is clear that without such an inspection the public could have no

continuing confidence that your Council has in place arrangements to ensure it delivers value for money in its use of public resources.”

26. Accordingly, we do not consider that anything more was required by way of reasons. For the avoidance of doubt, we do not consider that the Secretary of State was required to identify particular documents that he relied upon when reaching his decision, particularly when those documents were provided on a confidential basis and where their release might compromise the inspection and/or any future police investigation. Again, we note that you have put forward no legal basis to support your contention to the contrary.

(3) Alleged failure to provide information and documents

27. Insofar as you allege that the Secretary of State has acted unlawfully by not providing the Council with information and documents, you have entirely failed to identify the source of the duty to provide the information and documents upon which you rely. Unless and until you do so, we are simply not in a position to respond to this ground of challenge. In any event, we note that this appears to be a criticism of the Secretary of State's actions *after* the date of the decision under challenge, and therefore we do not understand how it could possibly form a basis for quashing the decision itself.

Delay

28. We note that almost two months elapsed between the Secretary of State's letters of 4 April 2014 and your letter before claim, during which time the PWC inspection has been ongoing, and the inspections is now in a number of ways well advanced. We also note that there is no explanation for this delay in your letter. Accordingly, should you bring a claim for judicial review of the decision of 4 April 2014, we reserve the right to argue that you have not acted promptly as required by CPR 54.5.

Conclusion

29. For the reasons set out above, we do not consider that any of your proposed grounds of challenge have merit, and we do not propose to take the action sought in your letter.
30. Finally, we wish to draw your attention to a letter dated 2 June 2014 from the Mayor of the Council to the Secretary of State. In that letter, the Mayor states that he “welcomes” the inspection and hopes that PWC will provide a report within the time frame originally envisaged. We are unable to reconcile this sentiment with your threat to claim judicial review of the Secretary of State’s decision to commission the inspection and your threat to seek an injunction requiring that the inspection should halt, and we are therefore left somewhat confused as to the Council’s position.

Details of any interested parties

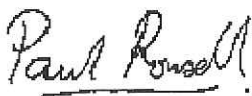
31. We do not consider that there are any parties that should be named as interested parties to your proposed claim.

Address for further correspondence and service of court documents.

32. Please send any further correspondence on this matter to me at the address on the first page of this letter. Any court documents should be served on:

The Treasury Solicitor (for the attention of Neera Ghajja)
One Kemble Street
London WC2B 4TS

Yours sincerely



Paul Rowsell

Claimant – London Borough of Tower Hamlets

Witness Statement of Robin Beattie

Made: 1 July 2014

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
ADMINISTRATIVE COURT

B E T W E E N:

**THE MAYOR AND THE BURGESSES OF
THE LONDON BOROUGH OF TOWER HAMLETS**

Claimant

- and -

**SECRETARY OF STATE FOR
COMMUNITIES AND LOCAL GOVERNMENT**

Defendant

WITNESS STATEMENT OF ROBIN BEATTIE

I, **ROBIN BEATTIE**, of the London Borough of Tower Hamlets, Mulberry Place, 5 Clove Crescent, London, E14 2BG, will say as follows:

1. I am the Service Head Strategy and Programmes for the Communities, Localities and Culture Directorate of the London Borough of Tower Hamlets ("the Council"). This statement is made in support of the Council's application for judicial review of the decision of the Secretary of State for Communities and Local Government

("the Secretary of State") to appoint inspectors to undertake an inspection of the Council.

2. I have been in continuous local government service since 1982 to the present. I qualified as a Chartered Town Planner at the London Borough of Greenwich and secured Membership of the Royal Town Planning Institute at that time. I remained in Town Planning engaged in increasingly senior roles within Greenwich and subsequently within Tower Hamlets Planning Department working on major regeneration projects. In 1992 I secured a Masters Degree in Business Administration. In 1996 I left Planning and secured a position working directly to the-then Director of Environmental Services on library transformation and best value and led on the Library and Lifelong Learning transformation programme for five years as well as the best value operational transformation projects for three. My best value work has centred on a wide range of front line services to establish best value practices and assist them in completing best value reviews. I have worked as senior strategist and business improvement manager since that period and am responsible for a wide range of support services to 28 different front line services. I have considerable experience of managing complex and large scale transformation programmes including award winning experience of managing Olympic Risks for the 2012 London Olympic period. Many of the projects I have led on or services I have managed have broken new ground or have been cited as national or international exemplars.

Introduction

3. The inspectors, Pricewaterhouse Coopers LLP ("PwC"), have deployed up to twenty four Forensic Accountants at the Council since the announcement of the inspection on 4 April 2014. PwC have spent more than three months studying the Council's records and interviewing staff and have been provided with over 10 million items of data, at their request.

4. This statement will address the scale and the scope of the inspection undertaken by the inspectors.

My Role in the Inspection

5. On 4 April 2014 the Secretary of State appointed PwC as government inspectors under section 10 of the Local Government Act 1999 ("the Decision"). Section 10, as amended, allows the Secretary of State to appoint inspectors to consider whether a local authority has complied with its best value duties under Part I of the 1999 Act.
6. On 4 April the Council appointed me as the Technical Link Officer and Single Point of Contact ("SPOC") for PwC and tasked me with facilitating the inspection and supporting the PwC inspection team. This role has involved:
 - (a) close operational liaison with the inspection team;
 - (b) coordination of information gathering;
 - (c) the development of systems and processes to ensure that complex data requests were properly logged, tracked, followed up and recorded by the Council;
 - (d) trouble shooting;
 - (e) technical clarification from both parties;
 - (f) linking with Senior Management;
 - (g) establishing feedback and evaluation;
 - (h) liaising with the Monitoring Officer on matters specific to the legality of requests made; and
 - (i) reporting to the Head of Paid Service.
7. My role has not been passive but has centred on establishing a sound and productive working relationship with the inspection team. It has given me a unique insight in to the process conducted by PwC, the nature and the scale of the requests that they have made, the level of understanding and knowledge of

the organisational environment within which they operating and seeking to evaluate, the extent of their objectivity and the decisions that they have taken at key points in the process about how they conduct themselves.

8. My background in programme management and experience of senior management including, but not limited to, best value has provided me with the ability to assess PwC's approach to the technical tasks presented by their brief as far as it was discernable to me.

Initial Involvement with PwC

9. On the day of my appointment as the SPOC it was made clear to me by members of the Corporate Management Team ("CMT") at the Council that the Mayor welcomed the inspection as a way of disproving political allegations of fraud and corruption and the allegations set out by a BBC Panorama programme aired shortly beforehand. My instructions have always been to support the inspection to a conclusion as efficiently as possible. At this point in proceedings the focus was not on the lawfulness of the inspection, but even as the Council's concerns about the legality of the inspection grew as a result of some of the requests being made by PwC, my instructions have never changed.
10. The inspection team intervention was timed for Friday 4 April 2014 and we were informed on that day by the inspectors that all information requested by them needed to be supplied to them within three days of the request. We were informed that this included weekends and non-working days and were presented with an initial set of data and information requests. This was in a letter dated 4 April to the Head of Paid Service from Mr Kenyon at PwC, and I understand it is exhibited to the statement of Mr Sullivan-Gould.
11. Our initial efforts in the first few days and weeks were focused on organising the systems and processes to manage a clearing house operation that allowed for

the accurate logging of requests, coordination of the inputs from a wide range of different services, tracking of progress and controlled transfer of data and information items to PwC. I also needed to arrange accommodation, security clearance, IT and phone access for the PwC team on site. During this period I agreed a mirror logging process where both parties kept an identical record of the dates of PwC requests, dates where requests for clarification from the Council were made and when data and information was provided to PwC. These independent logs were reconciled throughout most of the inspection period on a daily basis via a daily meeting with the onsite PwC team. This later changed to a twice weekly meeting. This incorporated a process for agreeing when individual requests were completed.

12. We were informed that we should expect an inspection team of six to eight but that this may grow subject to the nature of the investigation. Over the period of the inspection the team grew to 24 inspectors. In discussions with team members it became apparent that they were specialist forensic auditors with backgrounds in financial services, property and IT, using techniques developed to investigate complex fraud. The team had limited or no expertise in local government or best value inspections. Time was taken up explaining basic statutory roles and responsibilities such as the Head of Paid Service and the Monitoring Officer, as well as explaining the Council's constitution and what a directly elected Mayor is.

13. Information requests were consistently lodged where the inspectors had no understanding of the size or complexity of the request when making it, or had already been given the information but didn't realise. These included:

- (a) a complete list of all contracts between £10k and £24k,
- (b) a complete list of all systems and data bases held across the council,
- (c) high volume property samples, and
- (d) all monitoring and evaluation material for grants.

It has become increasingly apparent that the team has been set up for its forensic investigative skills rather than its grounding in the highly complex field of local government. As any conclusions must, to be reasonable and proportionate, evaluate best value in the Council in a comparative context with other local authorities and as the PwC team has so little experience of best value in local government I am unclear how such comparisons can be accurately and fairly made.

PwC's Lack of a Protocol for Interviews

14. The Head of Paid Service, Stephen Halsey, informed me within the first week that a Conservative Councillor had informed him that they were in contact with the PwC team. Shortly thereafter Mr Halsey received an approach by members of the Labour Group that they would like to meet formally with the inspectors to raise issues they had and to understand the nature of the inspection.
15. Early discussions with the PwC team made it clear that they would want to set up a rolling programme of interviews with Council officers and the Mayor.
16. On the 8th April 2014 I wrote to Angus Brown [1-3], one of the lead Inspectors from PwC, asking PwC to forward to us their standard engagement protocol covering the following issues:
 - (a) Formal requests for data disclosure, timescales, communication channels, sign off, recording, validation and challenge.
 - (b) The interview type where it would be jointly agreed as appropriate if the interviewee were allowed to be accompanied by someone (and who) – e.g. friend, line manager, Trade Union representative, personal legal advisor, as well as the process by which this would be agreed.
 - (c) Under what circumstances, if any, interview questions would be given in advance.

- (d) The use of documents as the basis for different types of interview. Circumstances where these would be furnished in advance and associated timescales.
- (e) The type of interview where staff responses will be formally recorded in any format and the process you intend to use to give the member of staff the opportunity to agree this as an accurate record.
- (f) A standard set of statements making staff aware of how information provided by them may be used and applied.
- (g) The circumstances (in broad terms) where it is and is not appropriate for officer opinion rather than points of fact or evidence based inquiry to be sought by PwC. Many staff are in politically restricted posts operating in a challenging political environment.
- (h) Standard statement on the confidentiality of the process, interview, source and any rights and obligations on individuals beyond the legal notice served.
- (i) The implications and mechanism for dealing with any individual who fails to cooperate with the enquiries and clarity on how failure to cooperate will be defined (the process governing it etc).

17. I offered to meet the following day to talk it through and confirmed that we would continue to progress the review whilst these issues were clarified. On the same day Angus Brown replied by stating that he would revert back to me on the request [1].

18. It transpired over the following days and weeks that PwC did not have such a standard protocol and in an e-mail dated 9th April 2014 I wrote to PwC explaining that, if PwC did not have such a protocol the Council was effectively without any guidance regarding how to advise staff called to interview by them [4-5]. This would need to be resolved quickly.

19. In a telephone conversation with Angus Brown of the same date it was made clear that no engagement protocol existed and PwC were not minded to bring one forward. They considered any such arrangement to be an unnecessary constriction on their ability to conduct the inspection. I explained that this was not the intention but the Council would reasonably be expected to have in place with the inspection team a guiding set of principles that make it clear how we could both facilitate the inspection and fulfil our duties to staff as a responsible employer. Angus Brown stated that he would put something in writing that would clarify the statutory basis of the engagement but that that this would probably fall far short of the protocol I was describing. This arrived on the following day (11 April 2014) [6-9] and in a series of exchanges between this date and 9 May attempts were made to reach a basic transparent agreement regarding the way in which PwC would normally seek to engage with both Officers and Members.

20. With concerns growing that there was no formal and transparent structure being brought forward by PwC to engage with the local political groups making up the Full Council I wrote to Angus Brown by e-mail on 16 April 2014 suggesting that the engagement protocol still under discussion with them might provide a vehicle to give some reassurance to the Council that the inspection was politically neutral [10-17]. I stated:

"There is a strong and legitimate cross party political expectation and desire to see formal arrangements established early on that creates a place for political engagement within the process of the audit. As we are close to an election I would suggest that you may want to use the protocol to address that expectation whilst at the same time through it provide a control to counter the unlikely event of opportunist politicking that might waste your time."

21. The CMT considered it important that the inspection was seen to be conducted in a way that was free from political bias and incorporate a process and commitment to engage with all local political council groups. This could be done easily without hindering individual approaches from elected members and was considered particularly important given that a representative of a single local party (Conservative) had confirmed to the Head of Paid Service that they had

established contact with the inspection team and were raising issues of concern with them. There is nothing problematic with this provided all political parties have equal access to the inspection team and that there was sufficient transparency in the process of engagement to demonstrate to all parties that the rules and level of access were the same for all. The concern of officers such as myself was that other groups were approaching Council officers to ask how PwC were to engage with them, which confirmed that they did not have access to the PwC team and were unclear how to make that contact. A draft engagement protocol addressing this point and others that had yet to be addressed by PwC was attached for their consideration.

22. On 23rd April 2014 Angus Brown replied with a heavily edited and much reduced draft protocol that removed all of the suggestions specific to open and structured engagement with local political parties making up the Full Council. The justification given was that this and the material constituting the other deletions made could not be supported as PwC believed they went beyond the statutory framework or might represent a limitation on their ability to conduct the inspection in an open and honest way [18-24].

23. This revised document and the reasons given for the deletions were reviewed by members of CMT and considered entirely inadequate. It left staff and the Council as the employer largely in the dark as to how the inspection was to be conducted, what would be expected of staff called to interview and the rights of those members of staff in interview situations. Further it would leave a vacuum whereby PwC could not demonstrate, if challenged, that they were acting in a politically neutral way and not simply investigating lines of inquiry provided by a single political interest. PwC made it very clear in a further telephone conversation with Will Kenyon that they were disinclined to move their position. In a further attempt to resolve the matter in a way that would facilitate a fair inspection the Interim Monitoring Officer, Mr Sullivan-Gould, wrote to Angus Brown of PwC on 7 May 2014 suggesting that the old Audit Commission Code of Practice might be a useful starting point to fill this operational void [63]. Mr

Sullivan-Gould suggested a meeting to discuss the need for an engagement protocol. At no time did the Council prevent interviews taking place during these discussions but allowed them with misgivings that PwC had given inadequate consideration to the rights of Council officers and to the reasonable requirements of the Council as an employer. A meeting did take place at 10am on Friday 9 May but was largely taken up with addressing other more pressing legal issues (see below) and no agreement on protocols was reached as a result.

24. In view of the gulf that existed between the two parties on the need for a clear guiding framework for engagement and given that we had made the risks associated with the lack of such an engagement protocol clear to PwC, this matter remained unresolved throughout the inspection. As predicted, this led to further concerns later in the inspection, which I deal with below.

Large Data Requests

25. At the end of April and beginning of May a series of exceptionally large data requests were received in quick succession. Between the 28 April and 2 May PWC required the following:

- i. A complete download of the entire financial system of the Council (Agresso) for the last financial year. This comprised every single financial transaction at every level of the organisation (running into millions of transactions) in a format that replicated the systems structures and was capable of being interrogated at every system level.
- ii. A complete download of the Council's entire financial system for the 3 years preceding this, comprising many more millions of financial transactions and consisting of every single financial transaction made by the Council over that period. Again this was required in a format that replicated the systems structures and was capable of being interrogated at every system level.

- iii. All e-mails, deleted items, calendar entries, notes and content of shared or group mail boxes for 27 selected Council Members and 47 Council officers covering the period 24 October 2010 to 4 April 2014.
- iv. For the same political and officer groups the exact forensic images of Council-provided laptop computers and full download of mobile devices (Blackberrys, iPhone, Android phones, USB drives, iPads and all user data from Council devices including deleted items) covering the same period.
- v. For the same political and officer groups and for the same period all U Drive data. The U Drive is the technical reference to the non-networked drive featured on some council computers where data can still be stored.

26. These requests were enormous in practical terms, comprising tens of millions of data entries as well as being highly complex and very expensive to achieve for the Council. The technical extent of the request can be demonstrated by reference to the instructions to the Council provided by Denzil Coelho of PwC on 6 May 2014 to the Council's IT lead officer Shirley Hamilton specific to forensic images of mobile devices [47-62]. They were not requests that a Council undergoing a best value inspection would historically have expected to receive and suggested that this was not a best value inspection but rather an unstructured fraud investigation presented as a best value inspection.

27. Furthermore the requests for e-mails and forensic images and downloads of mobile devices were specific to a limited number of elected members and gave rise to the clear potential risk of the appearance of political bias. Only Independent, Labour and the single Liberal Democrat Councillors had been targeted by this request. None of the Conservative Members were included on the list issued by PwC. No explanation was provided for this, but it highlighted officer concerns that a continuing lack of any open framework for local political engagement would leave the process open to accusations of political bias. I understand that this concern was expressed directly to Mr Kenyon by Mr Halsey

but am unclear exactly when. I believe Mr Kenyon stated to Mr Halsey that the request was simply based on live lines of enquiry the basis of which he was not prepared to share. I have seen that Mr Sullivan-Gould raised the matter in his letter to the Secretary of State on 8 May 2014, which is dealt with in Mr Sullivan-Gould's statement.

The Council Engages with the Requests

28. It was at this point that discussions were had between CMT members, the Interim Monitoring Officer and I. It was agreed that there were now a number of significant requests with no obvious link to the Local Government Act 1999, that raised at least the appearance of a degree of political bias and that appeared disproportionate to a local authority best value review regarding size, complexity and cost. As a result, an internal checking system should be put in place to ensure that all new information or data requests from PwC should be cleared by the Monitoring Officer. This should be brought about with immediate effect. The Monitoring Officer was of the view that further clarification of these requests were required in order to establish that they constituted a lawful requirement under the powers used by the Secretary of State to undertake the review and that they were proportionate to a best value review.

29. The Monitoring Officer, in part via my team and in part via direct contact with PwC, therefore requested further clarification of the legal basis upon which all of the above requests were made before the data could be made available to PwC. Assuming that they would be able to do so easily and not wishing to delay the inspection, Council officers continued to remain engaged with PwC at a technical level and to work on overcoming the considerable technical challenges associated with these requests. As an example, the email request alone required our IT contractors to bring in expertise from other areas of the country to advise them. Where we were able the material was collated and stored awaiting resolution of the legal issues to reduce any delay to the inspection.

30. In the first week of May therefore I brought about a clearing system for all new requests with the Monitoring Officer. In order not to delay the inspection unduly the Monitoring Officer undertook to review all new requests on the day received subject to these requests being sent to us by 4pm each day. On receipt my team forwarded the requests immediately and clearance or a request for clarification was confirmed to PwC either on the day of receipt or the following day.

31. The first request for clarification was specific to the Agresso download request where the Monitoring Officer wrote to Denzil Coelho on 1 May 2014 asking for assurances that the material would be handled correctly specific to the Data Protection Act 1998 [43-44]. This was an area the Council had suggested was addressed by the proposed engagement protocol but reference to which had been struck out by PwC. The PwC response to the request lacked a clear understanding of the role of the Monitoring Officer who was warned via a telephone conversation with Angus Brown that he may face prosecution if he obstructed the inspection.

32. By e-mail of the 2 May 2014 [45-46] from me to Mr Brown he was apprised of a meeting between Will Kenyon and Stephen Halsey that touched on this matter, making it clear that as a result of personal assurances provided to Mr Halsey the Agresso material would be released with immediate effect but also explaining to Angus Brown the role of the Monitoring Officer (on leave at that time) and the respect that that statutory role demanded from PwC staff. It also made it clear that Mr Kenyon had also agreed to a further meeting at the request of Mr Halsey to seek to resolve the concerns of the Monitoring Officer on all other counts where information requests had been set aside pending clarification that they were in fact lawful.

9 May 2014 Meeting

33. This meeting took place between Mr Kenyon, Mr Brown, the Interim Monitoring Officer Mr Sullivan-Gould, and myself on 9 May 2014. At this meeting Mr

Sullivan-Gould explained his role as Monitoring Officer of the Council and the statutory nature of it. He explained his concerns regarding the increasing number of requests that lacked any obvious link to the best value legislation and that this was the most profitable area of discussion for the meeting to focus upon. Mr Kenyon explained that the forensic techniques that they wish to apply to the review were ones that were software based and required "the whole universe" of data against which to apply them. I explained that these requests were driven by PWC methodology but were far in excess of what a local authority would normally be expected to undertake for a best value review, were entirely indiscriminate going well beyond what we had understood the scope of the inspection to be, and were costly and time-consuming for the Council to deal with. I stated that I did not know of any other attempt to apply forensic fraud techniques developed for the financial services industry to a local authority best value review. Mr Kenyon stated that in his opinion this represented a cost effective and thorough approach to the problem. I stated that a cheaper and shorter approach may be to ask for the Council to secure more targeted information. Mr Kenyon stated that that could not give the same level of assurance as their approach.

34. They went on to explain that they were undertaking not only a best value inspection but a fraud investigation. Mr Sullivan-Gould read to them the core legislation used by the Secretary of State to launch the inspection. Neither Mr Kenyon nor Mr Brown appeared well informed about the legal basis upon which they were conducting the inspection. They referred to their instructions from the Secretary of State as being to undertake a best value inspection and to look for fraud citing their appointment letter.

35. Mr Sullivan-Gould stated that he considered that it would be proper for them to follow lines of enquiry that they came across during a best value inspection but that this was materially different from undertaking a fraud investigation from the outset. He pointed out that this may well go beyond the powers they were

operating under and that the evidence cited by the Secretary of State as suggesting criminal fraud had already been reviewed and rejected by the Police. This was why it was so important that they clarify to him their understanding of the legal position. Mr Sullivan-Gould also reminded them that should they come across any instances of potential fraud that the Council's own processes of due diligence had not already picked up then they were obliged to inform him and the police without delay. The meeting ended with an agreement that for all matters currently and subsequently identified by the Monitoring Officer as requiring clarification under the relevant legislation to determine lawfulness PwC would provide an explanation. This was followed up by an exchange of e-mails on the same day [64-65].

Further Requests from PwC

36. From this point on new requests for information or data by PwC were often accompanied by a brief standard explanation of the legal basis of the request [71-72, see paragraph titled 'Relevance of Request']. However, this was not an effective way of providing assurance to the Monitoring Officer given the widely varying nature of the data and information requests. Legal justification for a number of requests made by PwC but challenged by the Monitoring Officer has never been received.
37. Some of the initial requests for clarification from the Monitoring Officer were accompanied by a request for PwC to certificate the request as being lawful. However, PwC declined to do so on the basis that the best value inspection process didn't require it. The Monitoring Officer accepted this position but therefore maintained the requirement for PwC to explain clearly why they considered some of their requests were lawful where they departed significantly from anything that one might ordinarily expect in a best value review.
38. As the inspection progressed it became apparent that there were other areas of supporting law that PwC appeared unsure or unclear about. In particular their

initial information and documentation requirement letter of 4 April stated "*for the purposes of this requirement the term LBTH includes any affiliated entity or agent of LBTH*". This is not a concept which has a clear applicability in the local government context.

39. In the absence of any further clarification from PwC regarding interpretation I wrote to Angus Brown on 28 April 2014 to ask if this should include the Council's Arms-Length Management Organisation responsible for the Council's housing stock (Tower Hamlets Homes) [25-42]. On the 30 April Mr Brown confirmed that it should. As a result the organisation was contacted and a substantial amount of data was transferred to PwC in good faith by them via my link team. In subsequent discussions with the Monitoring Officer and myself, and reading the legislation, it became clear that Tower Hamlets Homes was not defined as a best value authority and could not be included in a best value inspection. This was disappointing given the effort that had gone into the coordination and transfer of related material to PwC from this organisation. I wrote to Mr Brown on the 2 June 2014 requesting that he confirm this position and to date have not received a reply [66].

40. It was also clear that PwC had not considered the ability or inability of the Council to influence organisations that fell within their definition of an affiliated entity where the Council had a minority interest on the Board or no influence under the constitution.

41. The inspection continued with full support being provided by the Council at all times. Over the period of the inspection the Council was required to coordinate the collection and transfer of a conservatively estimated 10 million separate data and information items.

42. Following feedback from a scheduled meeting with the PwC team where there was still some confusion regarding the status of the Monitoring Officer's position on certification the Monitoring Officer wrote to Mr Brown on 13 June [67-68]. In

this email he clarified beyond doubt that PwC's position on this had been accepted for some time but that they were still required to provide him with an adequate answer to those information requests that had been identified as not clearly related to a best value inspection; he stressed that the Council would rather be in a position to transfer this material to PwC but that the limited standard responses to his requests simply were not good enough to address his legal concerns and he suggested a meeting to resolve all outstanding matters.

17 June 2014 Meeting

43. A meeting was held between Mr Kenyon and Katherine Gillespie of PwC and the Monitoring Officer, Mr Sullivan-Gould, and myself on 17 June 2014.
44. At this meeting it was made clear that the purpose of it was to resolve all outstanding requests of import to PwC that were the subject of a clarification request by the Monitoring Officer before the information could be released. PwC raised a number of issues. These were
- a) Interview arrangements (not subject to Monitoring Officer request for clarification);
 - b) Access to legal and property files for four specific properties;
 - c) Details of procurement of services from Mayor's advisors;
 - d) Access to an external audit report commissioned by the Council and in the final stages of validation;
 - e) Access to JDE financial data for 2010 to 2013, which is the financial database holding all of the Council's financial transactions (up to the point it was replaced in 2013/14).
45. During the meeting Mr Kenyon made it clear that the most significant of the outstanding requests was the JDE data consisting of every single financial transaction carried out by the Council between 2010 and 2013. He stated that he was very concerned that that this material be provided to the inspection team as, in his view, the inspection would be compromised without it. Mr Sullivan-Gould

stated that the request seemed vastly disproportionate for a best value review. A debate followed which resulted in an agreement that PwC write to the Monitoring Officer with a legal justification for the request. [71-72] On the remaining requests raised at that meeting satisfactory positions were reached facilitating the release of outstanding material.

46. On 20 June 2014 Mr Sullivan-Gould wrote to Mr Kenyon stating that he had reviewed his arguments and was not convinced that the request was lawful [73-74]. However, he was going to release the material with these misgivings set down as a matter of record. The financial data which had been prepared in readiness for the legal issues to be resolved was issued immediately to PwC.

Conclusion

47. I understand that PwC were originally directed by the Secretary of State to produce a report of their inspection findings by 30 June 2014. PwC have repeatedly declined to make clear to the Council what their likely reporting date is, but my understanding based on discussions with PwC team members and the body of requests still being made and processed is that the reporting date has been met. The most recent correspondence from the Secretary of State, dated 30 June 2014, has indicated that a report will be made in mid-July [75-81].

48. I do not exhibit to this statement every email or other piece of correspondence between myself (or other Council officers such as Mr Sullivan-Gould) and members of the PwC team. That would be completely disproportionate to the Council's claim. However, it may assist the Court for me to exhibit to this statement the logs my team has kept of the requests for information made by PwC [82-118]. These are divided between the categories adopted by PwC in their original 4 April requests, and where categorisation was uncertain it has been logged under 'General'. It will be seen that requests were still being made on 24 June 2014 and there are a large number of entries. The logs capture all of the various requests for data made by PwC to date.

I believe the contents of this statement are true to the best of my knowledge and belief.

Signed Robin Beattie

Name Robin Beattie

Dated 1st July 2014

EXHIBIT "RB1"

London Borough of Tower Hamlets
Legal Department
Mulberry Place
5 Clove Crescent
London
E14 2BG

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EXHIBIT "RB1"

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EXHIBIT "RB1"

From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 09 April 2014 15:20
To: Robin Beattie
Cc: Stephen Halsey; katie.l.mills@uk.pwc.com
Subject: Re: Follow up from this afternoon.

Dear Robin & Stephen

Thank you for your note below. We will revert to you concerning the way forward. Katie will of course continue to liaise closely with you concerning requests for, and receipt of, information. In the meantime I trust that the channels of communication we have established so far can continue to operate effectively, however please let me know if any particular issues are occurring.

Angus

Angus Brown

PwC | Director
Office: 0207 2124687 | Mobile: 07986573746
Email: angus.r.brown@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH

From: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
To: Angus R Brown/UK/CFR/PwC@EMEA-UK
Cc: Stephen Halsey <Stephen.Halsey@towerhamlets.gov.uk>
Date: 08/04/2014 21:13
Subject: Follow up from this afternoon.

Dear Angus

I hope you had a productive day. As you know our initial focus, quite rightly, has been to mobilise the effort across the Council and its key agents to get the information requested by you to you as quickly as possible. This work is now well underway with a significant amount of hard copy data supplied to you on Monday and arrangements of soft versions and the majority of outstanding data to be with you tomorrow. Downloading of soft copy data will start tomorrow morning. We agree that it is important that this is logged and tracked properly and as the material is forwarded to the shared drive I will log it in the action log we discussed this afternoon. The Log will cover the entire ask as set out in your letter but we may have to evolve the Log structure if we are going to keep data sets clearly linked to the specifics of a very wide information request. This will be the subject of agreement with you going forward and if we get it right will give you the clarity you want regarding outstanding material.

We now need to mutually and swiftly agree some basic rules of engagement and, as discussed this afternoon, I have been asked by Steve Halsey to write to you to set out some areas of clarification specific to staff engagement that we need to address.

I am sure you agree that it is both best practice and common sense to have a clear jointly agreed protocol to govern your team engagement with Council officers. This should enhance rather than hinder the work that you are here to do and it should give managers and staff clarity around process,

assurance and clear understanding of their rights and obligations specific to their personal legal position. You will be aware that we have a legal duty of care to employees and we also have trade unions to manage. As you have stressed that staff cooperation is essential to ensure that we secure the clarity that you seek I am assuming that you have a standard model protocol that you use in these circumstances. If so I would appreciate it you could forward it to me tomorrow as the basis for our discussion.

I would anticipate that this would establish a typology for the different circumstances that might govern your engagement with Council officers ranging from (say) simple technical advice or service support based requests to interviews specific to advanced stages of audit work linked to possible crime related lines of enquiry.

It should be relatively simple to quickly establish a joint protocol to cover the basics of core operational engagement. For example,

- Formal requests for data disclosure, timescales, communication channels, sign off, recording, validation and challenge.
- The interview type where it would be jointly agreed as appropriate if the interviewee were allowed to be accompanied by someone (and who) – e.g. friend, line manager, Trade Union representative, personal legal advisor. The process by which this would be agreed.
- Under what circumstances, if any, interview questions would be given in advance.
- The use of documents as the basis for different types of interview. Circumstances where these would be furnished in advance and associated timescales.
- The type of interview where staff responses will be formally recorded in any format and the process you intend to use to give the member of staff the opportunity to agree this as an accurate record.
- A standard set of statements making staff aware of how information provided by them may be used and applied.
- The circumstances (in broad terms) where it is and is not appropriate for officer opinion rather than points of fact or evidence based inquiry to be sought by your team. Many staff are in politically restricted posts operating in a challenging political environment.
- Standard statement on the confidentiality of the process / interview/ source/ and any rights and obligations on individuals beyond the legal notice served.
- The implications and mechanism for dealing with any individual who fails to cooperate with your enquiries and clarity on how failure to cooperate will be defined (process governing etc).

If you do not have a standard protocol then perhaps we can pick this up at our next round up session and discuss how we move it forward. Can meet you anytime tomorrow if that helps.

Regards

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From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 10 April 2014 09:45
To: Robin Beattie
Cc: Mark Norman; Stephen Halsey
Subject: RE: Follow up from this afternoon.

Thanks Robin. The team will be liaising with you to clarify plans for today. I will be in contact later today concerning the issues you raise below. In the meantime we are pleased that the co-operation will continue. We will of course continue to be flexible around meeting staff.

Regards

Angus

Angus Brown

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From: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
To: Angus R Brown/UK/CFR/PwC@EMEA-UK
Cc: Stephen Halsey <Stephen.Halsey@towerhamlets.gov.uk>, Mark Norman <Mark.Norman@towerhamlets.gov.uk>
Date: 09/04/2014 20:45
Subject: RE: Follow up from this afternoon.

Thanks Angus.

As PwC does not appear to have a standard protocol it may take a little longer to reach a joint position so a quick response to ensure we sort this out speedily is desired. At the moment the Council has no guidance from you regarding how you intend to safeguard the rights of council staff you are calling to interview which, I understand, is an obligation falling legally to you as well as to the Council. As such it compromises the councils ability to insist that officers attend and I am not clear, because you have not made it so, of the legality of the position if we did insist under these circumstances. This is not a good position for PwC to be in and it compromises the Council. I have this evening been informed by PwC that Your staff intend to tell me tomorrow morning of interviews they want to hold with Council staff tomorrow thus effectively giving the council and the staff involved no notice. We are still blind regarding your use of notes and the validity of interview notes that have not been provided to interviewed staff to verify as a true record of what they said and of the obligations you consider you have to the staff that you interview.

Under the circumstances I strongly advise that the current vacuum is addressed as a matter of urgency and I would appreciate a target date by which you hope to get back to me on the matter. We will, of course continue to cooperate fully with the provision of information and where staff are willing to engage without a protocol in place allow them to do so but you may need to be flexible regarding any conditions they may have until this matter is jointly sorted out.

Happy to discuss and await your estimate of when you will be able to get back to me in detail on the issue.

Regards

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Dee Burnett

From: Robin Beattie
Sent: 11 April 2014 16:40
To: Stephen Halsey; Mark Norman
Subject: FW: Inspection: Draft document re working arrangements & statutory framework
Attachments: Working arrangements for inspection 140411.docx

This is their attempt at a protocol. Needs work.

Regards

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From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 11 April 2014 16:36
To: Robin Beattie
Subject: Inspection: Draft document re working arrangements & statutory framework

Robin

As promised yesterday, I attach a first draft of a document setting out the working arrangements for a best value inspection with reference to how the statutory basis for such inspection applies to the inspectors, senior officers elected members, staff and other stakeholders.

We look forward to any comments and finalising the document with you. We would be happy to meet next week if helpful.

Pending our agreement of the document (and whilst it was good to confirm with you yesterday that current arrangements are working effectively from the Council's perspective), please do let me or Will Kenyon know at any point if issues arise that you would like to discuss.

Regards

Angus Brown

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Working arrangements for a best value inspection

General context of the inspection

1. The Local Government Act 1999 provides that “A best value authority shall provide an inspector with every facility and all information which he may reasonably require for the purposes of the inspection.” (section 11(3)). The inspection is an inspection of the best value authority, not of any individual.

Engagements between inspection team and council staff

2. To ensure that the inspection is productive and beneficial, it is important that inspectors and councils establish and maintain an appropriate working relationship based on courtesy and professional behaviour. It is expected that elected members, senior officers, staff and others concerned will:
 - enable inspectors to conduct their visit in an open and honest way;
 - enable inspectors to evaluate the Council objectively in line with the directions given in the Secretary of State’s appointment letter to the inspectors;
 - provide evidence that will enable the inspectors to report honestly, fairly and reliably about the Council’s functioning;
 - draw any concerns about the inspection to the attention of inspectors promptly and in a suitable manner; and
 - understand the need for inspectors to secure evidence and talk to staff and stakeholders without the presence of a senior officer.

Legal powers in relation to documents and persons

3. The 1999 Act provides that an inspector “has a right of access at all reasonable times to any premises of the best value authority concerned, and to any document relating to the authority which appears to him to be necessary for the purposes of the inspection.” (section 11 (1)). This includes the “power to inspect, copy or take away the document.” (section 11 (1A)). The inspector may “require a person holding or accountable for any such document to give him such information and explanation as he thinks necessary, and may require that person to attend before him in person to give the information or explanation or to produce the document.” (section 11(2)). An inspector “shall give three clear days’ notice of any requirement under this section” (section 11 (4))

Confidentiality and attribution

4. When inspectors meet elected members, senior officers, staff or others concerned, they should endeavour to ensure that individuals and individual comments are not identified in the further exploration of issues or in the inspection report. However, there may be circumstances where it will not be possible to guarantee the anonymity of the interviewee, for example where the

inspectors present facts in their report. In such instances the inspectors will provide the opportunity to the individual concerned to review and comment on the facts presented before the report is finalised. Additionally inspectors have a duty to pass on disclosures where serious misconduct or potential criminal activity is involved.

Record keeping, confidentiality and disclosure of information

5. If the Council would like a particular piece of information to be kept confidential, they should explain this, and their reasons, to the inspection team. The inspectors should duly identify the information and give consideration to the Council's request that it remain confidential. The inspection team cannot give an assurance that confidentiality will be maintained in all circumstances.

Failure to comply with the requirements of the inspection team

6. The 1999 Act provides that "A person who without reasonable excuse obstructs the exercise of any power conferred by this section or fails to comply with a requirement of an inspector under this section [section 11, as summarised in paragraph 3 above] is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale" (section 11 (5)).

Dee Burnett

From: angus.r.brown@uk.pwc.com
Sent: 17 April 2014 16:51
To: Robin Beattie
Cc: Mark Norman; Simon Kilbey; Stephen Halsey; will.kenyon@uk.pwc.com
Subject: *Confidential: RE: Inspection: Draft document re working arrangements & statutory framework: Confidential

Robin

Many thanks for your e-mail below and the draft protocol. We are considering it carefully and will respond to you next week.

With best wishes

Angus

 Angus Brown

PwC | Director
Office: 0207 2124687 | Mobile: 07986573746
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From: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
To: Angus R Brown/UK/CFR/PwC@EMEA-UK
Cc: Stephen Halsey <Stephen.Halsey@towerhamlets.gov.uk>, Mark Norman <Mark.Norman@towerhamlets.gov.uk>, Simon Kilbey <Simon.Kilbey@towerhamlets.gov.uk>
Date: 16/04/2014 21:38
Subject: RE: Inspection: Draft document re working arrangements & statutory framework: Confidential

 Angus

Many thanks for your first draft document regarding the outstanding need for a structured engagement protocol.

We have established interim engagement arrangements with your team which whilst working well enough to cope with this early stage of your investigation would prove insufficient if sustained for too long.

Attached is a draft protocol that addresses the practicalities of engagement over the course of the investigation, references back to the statutory framework material you forwarded to us earlier and addresses our duty to staff and obligations we have under our own legal frameworks.

It is split into themes specific to the practical business of both staff and political engagement. There is a strong and legitimate cross party political expectation and desire to see formal arrangements established early on that creates a place for political engagement within the process of the audit. As we are close to an election I would suggest that you may want to use the protocol to address that expectation whilst at the same time through it provide a control to counter the unlikely event of opportunist politicking that might waste your time. I have added a section that seeks to provide such a framework to manage the political realm from an entirely practical perspective. Feel free to come back to me on any aspects of it that you consider require further discussion.

I have copied this e-mail to the Head of Paid Service, our legal lead on this matter and our Head of HR for their information.

Regards

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From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 11 April 2014 16:36
To: Robin Beattie
Subject: Inspection: Draft document re working arrangements & statutory framework

Robin

As promised yesterday, I attach a first draft of a document setting out the working arrangements for a best value inspection with reference to how the statutory basis for such inspection applies to the inspectors, senior officers elected members, staff and other stakeholders.

We look forward to any comments and finalising the document with you. We would be happy to meet next week if helpful.

Pending our agreement of the document (and whilst it was good to confirm with you yesterday that current arrangements are working effectively from the Council's perspective), please do let me or Will Kenyon know at any point if issues arise that you would like to discuss.

Regards

Angus Brown

PwC | Director
Office: 0207 2124687 | Mobile: 07986573746
Email: angus.r.brown@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH

----- End of message text -----

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[attachment "LBTH-protocol-16Apr14vrb.docx" deleted by Angus R Brown/UK/CFR/PwC]

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PROTOCOL FOR CONDUCT OF THE INSPECTION

A. Preamble

1. Section 11(3) of the Local Government Act 1999 states *“A best value authority shall provide an inspector with every facility and all information which he may reasonably require for the purposes of the inspection”*. The inspection is an inspection of the best value authority, not of any individual.
2. Section 11 of the 1999 Act also states:
 - (a) that an inspector *“has a right of access at all reasonable times to any premises of the best value authority concerned, and to any document relating to the authority which appears to him to be necessary for the purposes of the inspection.”*;
 - (b) that this includes the *“power to inspect, copy or take away the document.”*;
 - (c) that the inspector may *“require a person holding or accountable for any such document to give him such information and explanation as he thinks necessary, and may require that person to attend before him in person to give the information or explanation or to produce the document.”*; and
 - (d) that an inspector *“shall give three clear days’ notice of any requirement under this section”*.
3. PWC has stressed that co-operation is essential to ensure that the clarity required by the auditors is secured; it is the Council's intention to take all reasonable steps to co-operate. The Council has legal obligations in respect of its employees; and is subject to legal obligations in respect of information held by it (including but not limited to information that comprises personal data).
4. This protocol seeks to set out principles which will facilitate the conduct of the inspection. The objective is to establish and maintain an appropriate working relationship between PWC and the Council which is based on courtesy and professional behaviour. In the event that the principles set out below need to be varied or supplemented, PWC and the Council will seek to agree any such alteration.
5. The matters set out below are not intended to derogate from the powers available to PWC as inspectors appointed pursuant to the 1999 Act.

B. Protocol

General

1. It is expected that all elected members, and officers of the Council will:
 - enable inspectors to conduct their visit in an open and honest way;
 - enable inspectors to evaluate the Council objectively in line with the directions given in the Secretary of State's appointment letter to the inspectors;
 - provide evidence that will enable the inspectors to report honestly, fairly and reliably about the Council's functioning;
 - draw any concerns about the inspection to the attention of inspectors promptly and in a suitable manner; and
 - understand the need for inspectors to secure evidence and talk to staff and stakeholders without the presence of a senior officer.

Requests for documents and information

2. To permit PWC access to documents and information held by the Council as required by section 11 of the 1999 Act, a shared file will be created. All documents and information requested by PWC will be stored in the shared file; the shared file will be accessible by PWC and the Council's lead liaison officer. All clarifications and validation requests in relation to documents and information placed in the shared file shall be made to the Council's lead liaison officer. **Material secured through direct contact with officers that was requested at the point of contact by PWC will be reported by PWC to the Council's lead liaison at the earliest opportunity for logging (see below).**
3. PWC will hold and use all documents and information made available to it only for the purposes of the inspection pursuant to the provisions of the 1999 Act.
 - (a) If PWC wish to use any such information for any other purpose it will give the Council 3 working days notice of that intention, and of the reasons for it.
 - (b) If the Council wishes the use of any specific document or particular piece of information to be restricted further, the Council will state the reasons for the request. PWC will give due consideration to the request.

PWC and the Council will cooperate to ensure that both parties maintain independent and accurate logs of all material passed to PWC and all requests for information made to the Council by PWC; Arrangements for this process to be agreed between the Parties.

Interviews and questions

4. The purpose of interviews or other questioning will be to establish facts relevant to the inspection. Many Council officers are in politically restricted posts. This may prevent them from responding to questions seeking expressions of personal opinion.

5. If PWC wishes to interview a Council member or officer, save where it is not reasonably practicable to do so, PWC will
 - (a) give the member or officer 72 hours notice of the interview;
 - (b) provide to the member or officer copies of documentation to be used at interview 72 hours prior to the interview; and
 - (c) will, when giving notice of the interview inform the member or officer of the nature of the matters to be covered in the course of the interview.

Make it clear via the issuing of a standard statement (to be agreed with the Council) issued at the point of giving notice the circumstances where an officer may choose to decline to respond to a question (e.g. where invited to express an opinion if in a restricted post).

Set out in writing the request for interview to include the above and making it clear how the information provided by the interviewee may be used or applied.

If it is not reasonably practicable to give notice in accordance with (a) – (c) above 72 hours prior to the interview, PWC will give such notice as is reasonably practicable.

6. Any person who is called for interview may be accompanied by a colleague, a TU representative or an individual of their choosing. At least 48 hours prior to the interview the person called for interview will let PWC know the name of any accompanying person. Where an interviewee wishes to be accompanied but cannot secure accompaniment within the time scale, reasonable consideration should be given to a short postponement.

Should an individual be accompanied by a personal legal representative PWC must be given 24 hours notice by the interviewee -this to be explained in the notice letter.

The interviewee will be given the opportunity to ask questions of the interviewer specific to the questions raised in the interview.

The interviewee may consult with any accompanying individual before answering any question but will be the sole respondent at the interview.

The requirement for confidentiality will extend to any accompanying individual.

7. At the commencement of an interview PWC will state the purpose for which the interview is taking place, and will explain how information provided by the person being interviewed may be used and applied.
8. All interviews will be tape recorded, and will be recorded by a stenographer. The person interviewed may also record the interview using an audio device if they so wish. Any notes produced by PWC as a result of an interview will be forwarded to the person interviewed to permit them either to confirm that the note is accurate or to suggest amendment to the note.
9. In the event that PWC consider it appropriate to make any criticism of any person in their report, PWC will give the person the opportunity to review and comment on the material part of the report before the report is finalised.

10. In the event that PWC receive information which gives reasonable grounds to suspect that any person has committed any act of serious misconduct, or has committed any act that is criminal, PWC may pass that information to such third persons as it considers appropriate. In that event PWC will give notice to the Council.

From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 23 April 2014 18:55
To: Robin Beattie
Cc: Mark Norman; Simon Kilbey; Stephen Halsey; will.kenyon@uk.pwc.com
Subject: *Confidential: Fw: RE: Inspection: Draft document re working arrangements & statutory framework: Confidential

Robin

I attach an updated draft of the above document. You will see that we have continued to focus this on the applicable statutory framework and related working arrangements that we consider appropriate to enable the inspection to proceed objectively in line with the Secretary of State's appointment letter. Against this background we have deleted content from your draft that we believe goes beyond the statutory framework or which might represent a limitation on our ability to conduct the inspection in an open and honest way.

To the extent that you and your colleagues have comments we would suggest that rather than a further exchange of drafts we now arrange to discuss the document in order to finalise it as soon as possible. Will Kenyon and I are available for a conference call tomorrow.

Regards

Angus

Angus Brown

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----- Forwarded by Angus R Brown/UK/CFR/PwC on 23/04/2014 12:26 -----

From: Angus R Brown/UK/CFR/PwC
To: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>@INTL
Cc: Mark Norman <Mark.Norman@towerhamlets.gov.uk>, Simon Kilbey<Simon.Kilbey@towerhamlets.gov.uk>, Stephen Halsey <Stephen.Halsey@towerhamlets.gov.uk>, Will Kenyon/UK/CFR/PwC@EMEA-UK
Date: 17/04/2014 16:51
Subject: *Confidential: RE: Inspection: Draft document re working arrangements & statutory framework: Confidential

Robin

Many thanks for your e-mail below and the draft protocol. We are considering it carefully and will respond to you next week.

With best wishes

Angus

Angus Brown

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Email: angus.r.brown@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH

From: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
To: Angus R Brown/UK/CFR/PwC@EMEA-UK
Cc: Stephen Halsey <Stephen.Halsey@towerhamlets.gov.uk>, Mark Norman <Mark.Norman@towerhamlets.gov.uk>, Simon Kilbey <Simon.Kilbey@towerhamlets.gov.uk>
Date: 16/04/2014 21:38
Subject: RE: Inspection: Draft document re working arrangements & statutory framework: Confidential

Angus

Many thanks for your first draft document regarding the outstanding need for a structured engagement protocol.

We have established interim engagement arrangements with your team which whilst working well enough to cope with this early stage of your investigation would prove insufficient if sustained for too long.

Attached is a draft protocol that addresses the practicalities of engagement over the course of the investigation, references back to the statutory framework material you forwarded to us earlier and addresses our duty to staff and obligations we have under our own legal frameworks.

It is split into themes specific to the practical business of both staff and political engagement. There is a strong and legitimate cross party political expectation and desire to see formal arrangements established early on that creates a place for political engagement within the process of the audit. As we are close to an election I would suggest that you may want to use the protocol to address that expectation whilst at the same time through it provide a control to counter the unlikely event of opportunist politicking that might waste your time. I have added a section that seeks to provide such a framework to manage the political realm from an entirely practical perspective. Feel free to come back to me on any aspects of it that you consider require further discussion.

I have copied this e-mail to the Head of Paid Service, our legal lead on this matter and our Head of HR for their information.

Regards

Robin Beattie
Service Head Strategy and Resources
Communities, Localities & Culture
6th Floor, Mulberry Place
Tel: 020 7364 4229
Email: robin.beattie@towerhamlets.gov.uk
Web: www.towerhamlets.gov.uk

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Mulberry Place
PO Box 55739
5 Clove Crescent
London E14 2BG

From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 11 April 2014 16:36
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We look forward to any comments and finalising the document with you. We would be happy to meet next week if helpful.

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Regards

Angus Brown

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[attachment "LBTH-protocol-16Apr14vrb.docx" deleted by Angus R Brown/UK/CFR/PwC]

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Working arrangements for a best value inspection

A. Introduction and statutory framework

1. Section 11(3) of the Local Government Act 1999 states “*A best value authority shall provide an inspector with every facility and all information which he may reasonably require for the purposes of the inspection*”. The inspection is an inspection of the best value authority, not of any individual.
2. Section 11 of the 1999 Act also states:
 - (a) that an inspector “*has a right of access at all reasonable times to any premises of the best value authority concerned, and to any document relating to the authority which appears to him to be necessary for the purposes of the inspection.*”;
 - (b) that this includes the “*power to inspect, copy or take away the document.*”;
 - (c) that the inspector may “*require a person holding or accountable for any such document to give him such information and explanation as he thinks necessary, and may require that person to attend before him in person to give the information or explanation or to produce the document.*”;
 - (d) that an inspector “*shall give three clear days’ notice of any requirement under this section*”; and
 - (e) that “*A person who without reasonable excuse obstructs the exercise of any power conferred by this section or fails to comply with a requirement of an inspector under this section [as set out above] is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale*”.
3. Co-operation is essential to ensure that the clarity required by the inspectors is secured; it is the Council’s intention to take all reasonable steps to co-operate. The Council has legal obligations in respect of its employees; and is subject to legal obligations in respect of information held by it (including but not limited to information that comprises personal data).
4. The matters set out below are not intended to derogate from the powers available to PWC as inspectors appointed pursuant to the 1999 Act.

B. Working arrangements

General

1. To ensure that the inspection is productive and beneficial, it is important that the parties establish and maintain an appropriate working relationship based on courtesy and professional behaviour. It is expected that all Council elected members, staff of the Council and other stakeholders will:
 - enable inspectors to conduct their work in an open and honest way;
 - enable inspectors to evaluate the Council objectively in line with the directions given in the Secretary of State's appointment letter to the inspectors;
 - provide evidence that will enable the inspectors to report honestly, fairly and reliably about the Council's functioning;
 - draw any concerns about the inspection to the attention of inspectors promptly and in a suitable manner; and
 - understand the need for inspectors to secure evidence and talk to elected members, officers and stakeholders without the presence of other individuals.

Requests for documents and information

2. The Council's lead liaison officer will arrange for documents and information requested by PwC to be copied to a shared file. PwC may download copies of such documents and information to their own systems. PwC and the Council will agree a process to record requests for documents and information and material passed to PwC.
3. If the Council wishes any specific document or particular piece of information shared with PwC to be kept confidential, the Council will state the reasons for the request. PwC will give due consideration to the request.

Meetings

4. If PwC wishes to meet a Council elected member or member of staff, save where it is not reasonably practicable to do so, PwC will:
 - (a) give the Council elected member or member of staff 72 hours' notice; and

- (b) inform the Council elected member or member of staff of the nature of the matters and of the nature of the documents to be covered in the course of the interview.
- 5. It is generally expected that Council elected members and members of staff will not be accompanied when inspectors request to meet them individually. If, exceptionally, an individual wishes to be accompanied PWC must be given 48 hours' notice. This notice must be from the individual and explain why they wish to be accompanied and by whom. In all instances the person accompanying the individual should be independent of the matters being discussed and will be asked to confirm their independence and their relationship to the individual. Where PWC accepts that an individual can be accompanied by the person proposed to a meeting, it will always be the individual who will be expected to provide information and answers in response to questions from the inspectors. PWC reserve the right not to accept a proposed accompanying person. The requirement for confidentiality will extend to any accompanying individual. If, exceptionally, either party wishes a meeting to be electronically recorded, unless both parties agree to a shorter notice period, the other party must be given 48 hours' notice. In this event a transcript or copy of the recording will be made available to both parties.
- 6. When inspectors meet Council elected members, officers and other stakeholders, they should endeavour to ensure that individuals and individual comments are not identified in the further exploration of issues or in the inspection report. However, there may be circumstances where it will not be possible to guarantee the anonymity of the individual concerned. Where, exceptionally, the inspectors consider it appropriate to present information in their report on an attributable basis (or an individual confirms that they are content with information being presented on an attributable basis) the inspectors will endeavour to provide the opportunity to the individual concerned to review and comment on the information presented before the report is finalised.
- 7. In the event that the inspectors receive information which gives reasonable grounds to suspect that any person has committed any act of serious misconduct, or has committed a criminal act, PWC may pass that information to such third persons as it considers appropriate.

From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 29 April 2014 12:14
To: Robin Beattie
Cc: JohnS Williams; katie.l.mills@uk.pwc.com; Meic Sullivan-Gould; Stephen Halsey;
will.kenyon@uk.pwc.com; denzil.a.coelho@uk.pwc.com
Subject: Re: Clarification of Affiliated entity or agent of LBTH

Many thanks Robin. I expect to get back to you concerning the Affiliates point by tomorrow. Denzil is following up the document & data preservation issue to make sure we understand this properly. Again I would hope we can revert to you very shortly.

NB: Yes, a very good Easter. Hope you did too.

Regards

Angus Brown

PwC | Director
Office: 0207 2124687 | Mobile: 07986573746
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From: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
To: Angus R Brown/UK/CFR/PwC@EMEA-UK
Cc: Katie L Mills/UK/ABAS/PwC@EMEA-UK, Stephen Halsey <Stephen.Halsey@towerhamlets.gov.uk>, Meic Sullivan-Gould <Meic.Sullivan-Gould@towerhamlets.gov.uk>, JohnS Williams <JohnS.Williams@towerhamlets.gov.uk>
Date: 28/04/2014 14:36
Subject: Clarification of Affiliated entity or agent of LBTH

Dear Angus

I hope you had a good Easter.

You may recall we had a brief discussion when we last met regarding the definition of the 'London Borough of Tower Hamlets' used in your initial information / document requirement attached to your letter dated 4th April 2014 to Mr Halsey. Specifically this definition extended to 'any affiliated entity or agent of LBTH'.

We are keen to ensure that you secure all the information that you are targeting. You will appreciate that this definition is very broad and with no further clarification would include within its remit organisations that the Council does not control. We have, to date, assumed that the definition applies to those organisations that the Council controls directly (such as the Housing ALMO all of the relevant information for which you now have) or through the Board most usually by having a majority presence. Tower Hamlets Sports Council, whilst not having a majority on the Board is one short of a majority and we are therefore including it as an affiliated entity. We are also treating King Georges Field Trust as an affiliated entity and are in the process of drawing together the requested information for these organisations. As yet we have not applied it to organisations with a low number of Council Members as a percentage of the Board in instances where we have no authority to direct these organisations to cooperate with the PwC information requirement.

I would appreciate it if you could clarify if this working interpretation is correct and, if not, clarify for us how you might expect the Council to go about securing compliance with your information

requirement from 3rd party organisations that we do not control and which are not directly accountable to us.

Please also note that we have not extended interpretation of your definition to include school governing bodies as these seem to sit outside the remit of your Audit. In your view are we correct to do so?

You indicated that you would need to seek clarification directly from DCLG on a case by case basis before you could give further direction on the matter. I attach for your information, therefore, a list of appointments of Councillors to 3rd party organisations (minus school governing bodies) so you can see for yourself the extent of your current definition and judge the relevance of it given my comments above.

I also await your agreement to the wording of a proposed internal message to LBTH staff clarifying the extent of their obligations under the Document and Data Preservation Notice.

Regards

Robin Beattie
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APPOINTMENTS TO EXTERNAL BODIES 2013/2014

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
Action for Bow Term: 1 year	1 (Member)	Cllr Marc Francis	Cllr Marc Francis	Mayor
Aldgate & Allhallows Barking Exhibition Foundation Term: 3 years	1 (Member)	Cllr Sirajul Islam – (appointed until March 2013)	Cllr Sirajul Islam	Mayor
Billingsgate Market Consultative Advisory Committee Term: 1 year	2 (Members or Officers)	Cllr Bill Turner Cllr S Khatun Cllr G Thienel (Deputy)	Cllr Bill Turner Cllr S Khatun Cllr G Thienel (Deputy)	Mayor
Bromley by Bow Centre Term: 3 years	1 (Member)	Cllr Rachael Saunders (appointed until March 2013)	Cllr Rania Khan	Mayor
Central London Waste Disposal Joint Committee Term: 4 years (ends in June 2015)	3 (Members)	Cllr Zenith Rahman Cllr Motin Uz-Zaman (both appointed to June 2015) 1 vacancy	Cllr Zenith Rahman & Cllr Motin Uz-Zaman (both appointed to June 2015) 1 (Member) vacancy	Mayor

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
CREATE London - Director Term: ongoing	1 (Member)	Cllr Rania Khan	<i>None required – appointment ongoing</i>	Mayor
Cultural Industries Development Agency Term: 1 year	1 (Member)	Cllr Denise Jones	Cllr Aminur Khan	Mayor File w/JW?
Docklands Sailing & Water Sports Centre Term: 1 year	1 (Member)	Cllr David Snowdon	Cllr Maium Miah	Mayor
East End Community Foundation (New) Term: 1 year	2 (Members)	-	Cllr Maium Miah Cllr David Edgar	Mayor
East End Homes Term: 1 year	2 (Members)	Cllr Helal Uddin Cllr Motin Uz-Zaman	Cllr Helal Uddin Cllr Gulam Robbani	Mayor

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
East London Nursing Society Trust <i>Term: 4 years</i>	3 (May be Members, officers or lay persons)	Cllr Lutfa Begum Cllr Rachael Saunders Ms. Belle Harris (all appointed to 25 th March 2013)	Cllr Lutfa Begum Cllr Rachael Saunders Ms. Belle Harris	Mayor Sent letter to BH via email
East London & The City University Mental Health NHS Trust <i>Term: 1 year</i>	1 (Member)	Cllr Bill Turner	Cllr Lutfa Begum	Mayor
English Heritage – Historic Environment Champion <i>Term: 1 year</i>	1 (Member)	Cllr Judith Gardiner	Cllr Judith Gardiner	Mayor
Futures Charitable Trust <i>Term: 2 years (in rotation with other London Boroughs)</i>	1 (Member)	<i>Cllr Ann Jackson (term expired end December 2011)</i>	Not required – rota of boroughs. LBTH turn ended 2011	

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
<i>Gateway Housing Association</i>		<i>Cllr Gloria Thienel</i>	<i>n/a Gateway Housing Association rules no longer provide for Council nomination</i>	
Green Candle Dance Company <i>Term: 1 year</i>	1 (Member)	Cllr Peter Golds	Cllr Peter Golds	Mayor
<i>Globe Town Trust</i>		<i>Cllr Bill Turner</i>	<i>n/a Trust is no longer operational</i>	
Greater London Enterprise <i>Term: 1 year (as ordinary member of GLE Ltd)</i>	2 (Members)	Cllr David Edgar 1 vacancy	Cllr David Edgar 1 vacancy	Mayor
Greenwich & Docklands Festival <i>Term: 1 year</i>	1 (Member)	Cllr Joshua Peck	Cllr Maium Miah	Mayor

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
<i>Island Health Trust</i>		<i>Cllr Gloria Thienel</i>	<i>n/a Trust no longer has external Board members</i>	
<i>Island Sports Trust Management Committee</i>		<i>Cllr Maium Miah</i>	<i>n/a Trust no longer requires Council nomination</i>	
Isle of Dogs Community Foundation (NOW KNOWN AS EAST END COMMUNITY FOUNDATION)	2 (Can be Members or officers)	<i>Cllr Tim Archer</i> <i>Cllr David Edgar</i>	<i>n/a Merged with St. Katharine's & Shadwell Trust and now known as "East End Community Foundation"</i>	
Jagonari Women's Education & Resource Centre – Board Member Term: 1 year	1 (Member)	Cllr Lesley Pavitt	Cllr Gulam Robbani	Mayor
Leaside Regeneration Company Ltd Term: 1 year	2 (Members)	Cllr Denise Jones Cllr David Edgar	Cllr David Edgar 1 vacancy	Mayor

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
Lee Valley Regional Park Authority Term: 4 years	1 + 1 deputy (Member)	Member – Cllr Denise Jones Deputy – Cllr Shahed Ali (both appointed until June 2013)	Member – Cllr Denise Jones Deputy – Cllr Shahed Ali	Mayor
Local Government Group Annual Conference (LGA) Term: 1 year	4 (Members)	Cllr Mizanur Chaudhury Cllr Rachael Saunders Cllr Kabir Ahmed 1 vacancy	Cllr Abdul Asad Cllr Rania Khan Cllr Kabir Ahmed Cllr Gulam Robbani <i>(NB: Mayor's nominees – Council appointment)</i>	<i>NB: Council appointment</i>
Local Government Association Urban Commission Term: 1 year	2 (Members)	Cllr David Edgar Cllr Stephanie Eaton	Cllr David Edgar Cllr Stephanie Eaton	Mayor
London Accident Prevention Council Term: 1 year	1 + 1 Deputy (Members)	Member – Cllr Shahed Ali Deputy – Cllr Dr Emma Jones	Member – Cllr Shahed Ali Deputy – Cllr Dr Emma Jones	Mayor To note diff add of LAPC

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
London City Airport Consultative Committee <i>Term: 3 years</i>	1 + 1 Deputy (Can be Members, officers or lay persons)	Member – Mr Stephen Mutton Deputy – (vacant)	Member – Mr Stephen Mutton Deputy – (vacant)	Mayor Sent the letter via email instead
London Housing Consortium <i>Term: 1 year</i>	1 (Members – one Executive and one Non-Executive)	Cllr Rabina Khan* Cllr Kabir Ahmed* (*appointed by Mayor in Cabinet 13.2.13)	Cllr Rabina Khan Cllr Kabir Ahmed	Mayor
London Legacy Development Corporation (MDC) <i>Term: As determined by Mayor of London</i>	1 (Member)	<i>Mayor Lutfur Rahman* (* Mayoral nomination 2012)</i>	None required – appointment ongoing	<i>Mayor of London appointment</i>
London Legacy Development Corporation Planning Decisions Committee <i>Term: As determined by Mayor of London</i>	1 + 1 deputy (Members, officers or others)	<i>Cllr Rabina Khan* Deputy – Cllr Maium Miah* (*Mayoral nomination 2013)</i>	None required – appointment ongoing	<i>Mayor of London appointment</i>

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
<i>London Thames Gateway Development Corporation</i>	1 (Member) <i>N.B. – Ministerial appointment</i>	<i>Cllr Kosru Uddin</i> <i>(appointed until 31 December 2012)</i>	<i>n/a</i> <i>LTGDC wound up December 2012</i>	
London Youth Games Ltd <i>Term: 1 year</i>	2 (Members)	Cllr Abdal Ullah Cllr Lesley Pavitt	Cllr Oliur Rahman Cllr Lesley Pavitt	Mayor
Merchant Navy Welfare Board <i>Term: 1 year</i>	1 (Member)	1 vacancy	1 vacancy	Mayor
Mile End Park Partnership Company <i>Term: 1 year</i>	2 (Members)	Cllr Joshua Peck Cllr Denise Jones	Cllr Joshua Peck Cllr Denise Jones	Mayor
Mudchute Association (Park and Farm) <i>Term: 1 year</i>	1 (Member)	Cllr Marc Francis	Cllr Marc Francis	Mayor

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
Norton Folgate Almshouse Charities Term: 4 years	3 (Can be Members, Officers or Lay Persons)	Ms. Rachel Blake (to June 2012) Mr. Chris Weavers (to March 2013) Mr Chris Dyson (to June 2013)	Ms. Rachel Blake Mr. Chris Weavers Mr Chris Dyson	Mayor Add from David C
Ocean Regeneration Trust Board Term: 1 year	2 (Members)	Cllr Bill Turner Cllr Abdal Ullah	Cllr Alibor Choudhury Cllr Rofique U Ahmed	Mayor
Older People's Member Champion Term: 1 year	1 (Member)	1 vacancy	Cllr Abdul Asad	Mayor
<i>Olympic Delivery Authority – Planning Committee</i>	1 (Member) <i>Nomination to be approved by ODA Board</i>	<i>Cllr Judith Gardiner</i> <i>(Appointed until 30 September 2012)</i>	n/a ODA wound up	
Oxford House Term: 1 year	1 (Member)	Cllr Sirajul Islam	Cllr Rabina Khan	Mayor

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
Parmiters Bethnal Green Education Trust Term: 4 years	1 (May be Member, Officer or lay person)	1 vacancy	Mr. Salim Ullah	Mayor Get add from? Not sure if the term is 4/2/1?
Poplar Harca Boards Term: 1 year	4 (must be Members) One on each of 4 boards: - PH Board; - Places; - Services - Finance & Audit	Cllr Khales Uddin Ahmed Cllr Shiria Khatun Former Cllr Anna Lynch 1 vacancy	Cllr Rania Khan Cllr Ohid Ahmed Cllr Kosru Uddin 1 vacancy	Mayor
Reserve Forces and Cadets Association for Greater London Term: 1 year	1 (Member)	Cllr Stephanie Eaton	Cllr Stephanie Eaton	Mayor
Rich Mix Cultural Foundation Term: 1 year	2 (Members)	Cllr Rachael Saunders Cllr Mizanur Chaudhury	Cllr Kabir Ahmed 1 vacancy	Mayor Not KA – Cllrs R Saunders & M Chaudhury – informed Zoe to change on modern.gov 18/9/13

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
Spitalfields Market Community Trust Term: 1 year	3 (Members)	Cllr Helal Abbas Cllr Sirajul Islam Cllr Abdul Mukit, MBE	Cllr Gulam Robbani Cllr Fozol Miah Cllr Kabir Ahmed	Mayor
Stepney Relief in Need Charity Term: 4 years	3 (Can be Members, officers or Lay Persons)	Cllr Judith Gardiner Ms. Belle Harris (both appointed to June 2014) 1 vacancy	Ongoing appointment of Cllr Judith Gardiner and Ms. Belle Harris (both appointed to June 2014) 1 vacancy	Mayor
St. Katharine's & Shadwell Trust	1 + 1 Deputy (Members)	<i>Member – Cllr Denise Jones</i> <i>Deputy – Cllr Abdal Ullah</i>	<i>n/a</i> (MERGED WITH Isle of Dogs Community Foundation)	
St. Paul's Way School Foundation Trust – Member Authorised Representative Term: 1 year	1 (Member)	Cllr Rachael Saunders	Cllr Rachael Saunders	Mayor
Thames Gateway London Partnership Term: 1 year	1 (Member)	Cllr Judith Gardiner	Cllr Judith Gardiner	Mayor Not AH – email to req from their postal add – 28/8/13

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment	38
Thames' Regions Flood Defence Committee Term: 4 years	No direct appointment	-	None required	Mayor	
The Henderson Charity Term: 1 year	1 (Member)	Cllr Alibor Choudhury	Cllr Alibor Choudhury	Mayor	
Tower Hamlets/Canary Wharf Further Education Trust Term: 1 year	2 (Members)	Cllr Abdal Ullah Cllr Lesley Pavitt	Cllr Maium Miah Cllr Lesley Pavitt	Mayor Emailed – David Stone –read my email did not returned my phone call	
<i>Tower Hamlets College Board</i>		<i>Cllr Mizan Chaudhury</i> <i>Cllr Bill Turner</i>	<i>n/a</i> No longer provision for Council nominee on this College Board		
Tower Hamlets Community Housing Term: 1 year	4 (Members)	Cllr Helal Abbas Cllr Helal Uddin Cllr Carlo Gibbs Cllr Sirajul Islam	Cllr Gulam Robbani Cllr Kabir Ahmed Cllr Shafiqul Haque Cllr Rabina Khan	Mayor Fflg B Mck meeting w/ MTyrell 4/3/14 Only 2 re for the next nomi – see file for future council rep	

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
Tower Hamlets Community Transport Term: 1 year	1 (Member)	Cllr Abdul Asad	Cllr Abdul Asad	Mayor
Tower Hamlets Homes Board Term: as determined by Mayor	4 (Members)	Cllr Alibor Choudhury* Cllr Kabir Ahmed* Cllr Rania Khan* Cllr Marc Francis* (*Appointments made by Mayor 20.12.11)	None required – appointments ongoing	Mayor Informed Zoe 20Nov13 to change to Cllr L Begum & G Robbani – see file
Tower Hamlets Primary Care Trust Term: 1 year	1 (PCT advises this should be the Lead Member with responsibility for Older People & Health)	1 vacancy	Cllr Abdul Asad	Mayor
Tower Hamlets Sports Council Term: 1 year	7 (Members)	Cllr Kabir Ahmed Cllr Abdul Asad Former Cllr Anna Lynch Cllr Lesley Pavitt	Cllr Kabir Ahmed Cllr Abdul Asad Cllr Maium Miah Cllr Lesley Pavitt	Mayor

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
		Cllr Abdal Ullah Cllr Zara Davis Cllr David Snowdon	Cllr Oliur Rahman Cllr Zara Davis Cllr David Snowdon	40
Tower Project Term: 1 year	1 (Member)	1 vacancy	Cllr Abdul Asad	Mayor
V & A Museum of Childhood Term: 1 year	2 (Members)	Cllr Denise Jones 1 vacancy	Cllr Denise Jones Cllr David Edgar	Mayor
Whitechapel Art Gallery Term: 1 year	1 (Member)	Cllr Denise Jones	Cllr Rania Khan	Mayor
Women's Environmental Network Term: 1 year	1 (Must be a female Councillor)	Cllr Judith Gardiner	Cllr Lutfa Begum	Mayor Pls see file – email forward to JW 4/9/13 – no women's lib coun at univ

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
Women's Library Council Term: 1 year	1 (Member)	Cllr Rachael Saunders	Cllr Rania Khan	Mayor
LONDON COUNCILS COMMITTEES AND FORUMS				
London Councils Leaders Committee Term: 1 year	1 Member and up to 2 deputies	Mayor Lutfur Rahman	Mayor Lutfur Rahman 2 deputies (vacant)	Mayor
London Councils Transport and Environment Committee Term: 1 year	1 Member and up to 4 deputies	Cllr Ohid Ahmed	Cllr Ohid Ahmed 4 deputies (vacant)	Mayor
London Councils Grants Committee Term: 1 year	1 Member and up to 4 deputies (NB: All must be cabinet members)	Cllr Ohid Ahmed	Cllr Ohid Ahmed 4 deputies (vacant)	Mayor

Name of Organisation & Term of Office	Number of representatives required (Member/Officer)	Current representative(s) (appointed 2011/12 & extended except *)	Appointment(s) for 2013/14	Mayor or Council appointment
Greater London Employment Forum Term: 1 year	1 Member	Cllr Rania Khan	Cllr Rania Khan	Mayor

Dee Burnett

From: angus.r.brown@uk.pwc.com
Sent: 01 May 2014 14:32
To: Meic Sullivan-Gould
Cc: denzil.a.coelho@uk.pwc.com; Robin Beattie
Subject: Re: FW: Agresso Data Request
Attachments: LBTH Agresso Data Request 20140425.pdf

Dear Mr Sullivan-Gould

Thank you for your note below. We understand the need for the Council to be satisfied, by virtue of the Data Protection Act, as to its handling as data controller of relevant information in compliance with the Statutory Data Protection principles.

We have reviewed your suggested wording and propose the text set out below. Please advise by return if you do not consider that this provides adequate protection for the Council from challenge by data subjects or the Information Commissioner that personal data has not been correctly processed.

Otherwise we look forward to receipt of the data this afternoon.

“PWC will hold and use all documents and information made available to it only for the purposes of the inspection pursuant to the provisions of the 1999 Act and subject to such other legislation as may be relevant.

If the Council wishes the use of any specific document or particular piece of information to be restricted further, the Council will state the reasons for the request. PWC will give due consideration to the request. A log of such specific documents or particular pieces of information will be agreed between the parties.”

Angus Brown

PwC | Director
Office: 0207 2124687 | Mobile: 07986573746
Email: angus.r.brown@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH

From: Meic Sullivan-Gould <Meic.Sullivan-Gould@towerhamlets.gov.uk>
To: Denzil A Coelho/UK/TLS/PwC@EMEA-UK
Cc: Angus R Brown/UK/CFR/PwC@EMEA-UK, Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
Date: 01/05/2014 10:53
Subject: FW: Agresso Data Request

Mr Coelho

Your request for the Agresso Data has been referred to me to consider the sufficiency of the Data Protection arrangements that PWC have offered. This issue has also been raised in other discussions between the Council and PWC about the Audit Engagement Protocol. The Council has received leading counsel's advice (Jonathan Swift QC) about its position in relation to personal data generally and specifically that held in the Agresso system.

You will appreciate I hope that the Council is the data controller in respect of the personal and commercial information that is contained in the Agresso system and, by virtue of the Data Protection Act is required to handle that information in compliance with the Statutory Data Protection principles. With due respect to your firm, the wording in your “General Considerations”

deals only with the circumstances of PWC and does not provide adequate protection for the Council from challenge by data subjects or the Information Commissioner that personal data has not been correctly processed. Counsel's view was that the PWC wording "says everything and says nothing" on that position.

The Council had proposed wording to PWC in its initial draft of the Audit Engagement Protocol (para 3 refers) to cover the data protection issue but those words have been deleted by your colleagues with no replacement provision. There has been no explanation as to why the Council proposal was unsatisfactory and counsel advises that in the absence of some statutory provision that obliges the Council to release personal data to PWC for the purposes of a Best Value Audit such release should only be done where there are agreed arrangements for the protection of the rights of the data subjects.

The Agresso data is ready for despatch to you but until the Council has the assurances that it needs about compliance by PWC with the data protection principles. It is being advised not to do so. I hope that you will appreciate the dilemma that has been created here – no doubt inadvertently.

The wording offered by the Council was as follows:

"PWC will hold and use all documents and information made available to it only for the purposes of the inspection pursuant to the provisions of the 1999 Act.

(a) If PWC wish to use any such information for any other purpose it will give the Council 3 working days notice of that intention, and of the reasons for it.

(b) If the Council wishes the use of any specific document or particular piece of information to be restricted further, the Council will state the reasons for the request. PWC will give due consideration to the request.

PWC and the Council will cooperate to ensure that both parties maintain independent and accurate logs of all material passed to PWC from the Council and all requests for information made to the Council by PWC; Arrangements for this process to be agreed between the Parties."

Meic Sullivan-Gould
Interim Monitoring Officer
Law, Probity and Governance Department

Tel 020 73644801
Email meic.sullivan-gould@towerhamlets.gov.uk
Web www.towerhamlets.gov.uk

London Borough of Tower Hamlets
Mulberry Place (AH)
PO Box 55739
5 Clove Crescent
London
E14 2BG

From: Robin Beattie

Dee Burnett

From: Robin Beattie
Sent: 02 May 2014 15:46
To: 'angus.r.brown@uk.pwc.com'; Meic Sullivan-Gould
Cc: denzil.a.coelho@uk.pwc.com; Stephen Halsey
Subject: RE: FW: Agresso Data Request

Dear Angus

Following our discussion this afternoon regarding the above I can confirm that Steve Halsey had attempted to contact Will Kenyon and that they have now engaged on the matter.

Whilst the Monitoring Officer is, as you know, on leave, on the basis of the assurances provided personally to him by Will Kenyon that the Agresso material would be used only in connection with the Best Value Audit and that PWC would not be using the material for any other purpose other than should PWC be obliged to release the material to comply with a court order or other statutory provision, he is prepared to release the Agresso material with immediate effect.

This has been agreed with Mr Kenyon on the understanding that the outstanding clarifications that remain unanswered to the satisfaction of the Monitoring Officer are the subject of a meeting between LBTH and PWC next week or at the earliest opportunity following the return of the Monitoring Officer from Leave.

Furthermore he would like me to point out that it would be inappropriate and entirely counter-productive for any member of PWC to appear to threaten the Council's Monitoring Officer with possible criminal charges for obstruction or use language that could come close to being interpreted as such when the Monitoring Officer is engaged in his statutory duty. The role of the monitoring officers is protected by statute and there is a responsibility for PWC to manage this relationship with the appropriate level of respect and engage properly with any concerns raised. As we have established a good working relationship over these last few weeks we are keen to make sure that we build on that going forward.

On the basis of the above I have been instructed to release of the data with immediate effect.

Regards

Robin Beattie
Service Head Strategy and Resources
Communities, Localities & Culture
6th Floor, Mulberry Place
Tel: 020 7364 4229
Email: robin.beattie@towerhamlets.gov.uk
Web: www.towerhamlets.gov.uk

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From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 02 May 2014 09:22
To: Meic Sullivan-Gould
Cc: denzil.a.coelho@uk.pwc.com; Robin Beattie
Subject: RE: FW: Agresso Data Request

Dear Mr Sullivan-Gould

Examples of legislation that we are subject to as a regulated firm of accountants include the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007. As a general matter, we would hope that agreement of wording recognising that we are subject to such other legislation as may be relevant is not controversial.

I understand that the data was successfully copied to our encrypted disk overnight. We look forward to receiving it.

Angus Brown

PwC | Director
Office: 0207 2124687 | Mobile: 07986573746
Email: angus.r.brown@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH

From: Meic Sullivan-Gould <Meic.Sullivan-Gould@towerhamlets.gov.uk>
To: Angus R Brown/UK/CFR/PwC@EMEA-UK
Cc: Denzil A Coelho/UK/TLS/PwC@EMEA-UK, Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
Date: 01/05/2014 18:20
Subject: RE: FW: Agresso Data Request

Mr Brown

What other legislation may be relevant? PwC is only appointed under the 1999 Act.

Meic Sullivan-Gould
Interim Monitoring Officer
Law, Probity and Governance Department

Tel 020 73644801
Email meic.sullivan-gould@towerhamlets.gov.uk
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----- End of message text -----

PwC is proud to support the UK Government's GREAT Festivals of Creativity, helping drive growth and investment for British business.

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From: denzil.a.coelho@uk.pwc.com [<mailto:denzil.a.coelho@uk.pwc.com>]
Sent: 06 May 2014 18:41
To: Shirley Hamilton; Robin Beattie
Cc: matt.joel@uk.pwc.com; laura.j.kippin@uk.pwc.com; angus.r.brown@uk.pwc.com;
katie.l.mills@uk.pwc.com
Subject: RE: Email Data Request

Shirley,

Further to my email last week regarding our Devices and UDrive data requests, I attach our technical requests which may answer some of the questions you have in advance of the meeting tomorrow. Please note, the custodians have not changed.

I have sent them to you directly so you can circulate as you see appropriate.

Kind regards,

Denzil

Denzil A Coelho

PwC | Senior Manager
Office: +44 (0)20 7804 2817 | Mobile: +44 (0)7725 706 596
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From: Shirley Hamilton <Shirley.Hamilton@towerhamlets.gov.uk>
To: Denzil A Coelho/UK/TLS/PwC@EMEA-UK, Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
Cc: Dylan B Whitfield/UK/CFR/PwC@EMEA-UK, Angus R Brown/UK/CFR/PwC@EMEA-UK, Andrew Chavez <Andrew.Chavez@towerhamlets.gov.uk>, Ben Kelly <ben.kelly@agilisys.co.uk>
Date: 06/05/2014 09:32
Subject: RE: Email Data Request

Just to confirm from Friday evenings discussion, the session to tease out the detail of both the requirements of (i) archive material for certain people and (ii) the portable data/devices will take place with myself and Agilisys tomorrow, 7th, at 11am at MP.

Thank you,
Shirley

Shirley Hamilton
Head of ICT Client Team
Resources Directorate, London Borough of Tower Hamlets, Mulberry Place, 5 Clove Crescent, London E14 2BG
Tel: 020 7364 4901
Mob: 07912 114 658
Email: Shirley.hamilton@towerhamlets.gov.uk
Website: <http://www.towerhamlets.gov.uk>

From: denzil.a.coelho@uk.pwc.com [<mailto:denzil.a.coelho@uk.pwc.com>]
Sent: 02 May 2014 14:50
To: Robin Beattie
Cc: dylan.b.whitfield@uk.pwc.com; Shirley Hamilton; angus.r.brown@uk.pwc.com
Subject: RE: Email Data Request

Robin,

Thanks for the email. I have just spoken to Shirley with regards to progress and understand that she is working with Agilisys to organise a meeting for an internal discussion with regards to our request and how it can be achieved. This meeting has been requested for 6th May but she is awaiting confirmation.

I will be on-site at Mulberry Place on Tuesday and look forward to discussing the request with the necessary people once the internal meeting has taken place.

Many thanks,

Denzil

Denzil A Coelho

PwC | Senior Manager
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1 Embankment Place, London, WC2N 6RH

From: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
To: Dylan B Whitfield/UK/CFR/PwC@EMEA-UK
Cc: Denzil A Coelho/UK/TLS/PwC@EMEA-UK, "Shirley Hamilton" <Shirley.Hamilton@towerhamlets.gov.uk>
Date: 02/05/2014 13:33
Subject: RE: Email Data Request

Dylan

I have spoken to Shirley and She is engaging with Agilisys to determine when the meeting can happen. I am informed that this will require Shirley's presence and some senior Agilisys staff who do not work on Site. For these reasons and given that Shirley is not at work today the meeting will not, unfortunately, happen today. I have asked her to ensure that this happens as soon as possible next week and that our IT contractor is made aware of the priority that this request carries. I have asked Shirley to liaise directly with Denzil to establish the date for this meeting.

Regards

Robin Beattie
Service Head Strategy and Resources
Communities, Localities & Culture
6th Floor, Mulberry Place
Tel: 020 7364 4229

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Web: www.towerhamlets.gov.uk

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From: dylan.b.whitfield@uk.pwc.com [<mailto:dylan.b.whitfield@uk.pwc.com>]
Sent: 02 May 2014 12:01
To: Robin Beattie
Cc: denzil.a.coelho@uk.pwc.com
Subject: RE: Email Data Request

Robin

Thanks for your note. Will let Denzil deal with the technical aspects. Conscious that we are heading towards a bank holiday would be helpful if the technical conversation could happen today.

Also, please do also let me know about the Agresso data as we would like to start processing that at our end this afternoon.

Thanks
Dylan.

Dylan B Whitfield

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<http://www.pwc.com/>

From: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
To: Denzil A Coelho/UK/TLS/PwC@EMEA-UK
Cc: Shirley Hamilton <Shirley.Hamilton@towerhamlets.gov.uk>, Angus R Brown/UK/CFR/PwC@EMEA-UK, Matt Joel/UK/ABAS/PwC@EMEA-UK, Katie L Mills/UK/ABAS/PwC@EMEA-UK, Dylan B Whitfield/UK/CFR/PwC@EMEA-UK, Stephen Halsey <Stephen.Halsey@towerhamlets.gov.uk>, Meic Sullivan-Gould <Meic.Sullivan-Gould@towerhamlets.gov.uk>
Date: 02/05/2014 11:57
Subject: RE: Email Data Request

Hi Denzil,

We too are keen to ensure that the requested material is provided to you as swiftly as possible. Initial dialogue with our ICT, however, indicates that your technical requests present us with certain technical difficulties that need discussion with you and the time line, even with very best efforts, will not be possible given the volume and complexity of data involved. Hence my suggestion of a technical meeting to discuss the approach.

We will get back to you shortly with suggested meeting arrangements.

Regards

Robin Beattie
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Communities, Localities & Culture
6th Floor, Mulberry Place
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Email: robin.beattie@towerhamlets.gov.uk
Web: www.towerhamlets.gov.uk

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London E14 2BG

From: denzil.a.coelho@uk.pwc.com [<mailto:denzil.a.coelho@uk.pwc.com>]
Sent: 02 May 2014 11:20
To: Robin Beattie
Cc: Shirley Hamilton; angus.r.brown@uk.pwc.com; matt.joel@uk.pwc.com;
katie.l.mills@uk.pwc.com; dylan.b.whitfield@uk.pwc.com
Subject: Fw: Email Data Request

Robin,

Further to your call with Dylan this morning, I understand that your IT team would like to discuss the provisioning of our Email data request.

Please advise the appropriate individual to contact me as soon as possible to avoid any delay in providing the data to us. Best numbers to contact me on are 020 7804 2817 or 07725 706 596.

I look forward to speaking with them.

Many thanks,

Denzil

Denzil A Coelho

PwC | Senior Manager
Office: +44 (0)20 7804 2817 | Mobile: +44 (0)7725 706 596
Email: denzil.a.coelho@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London, WC2N 6RH

----- Forwarded by Denzil A Coelho/UK/TLS/PwC on 02/05/2014 11:14 -----

From: Denzil A Coelho/UK/TLS/PwC
To: Robin.Beattie@towerhamlets.gov.uk, Shirley.Hamilton@towerhamlets.gov.uk
Cc: Angus R Brown/UK/CFR/PwC@EMEA-UK, Katie L Mills/UK/ABAS/PwC@EMEA-UK
Date: 01/05/2014 15:37
Subject: Email Data Request

Robin/Shirley,

Further to our recent conversations with regards to data, please find attached a request for Email data.

[attachment "20140501_LBTH_EmailDataRequest1_Memo1.pdf" deleted by Denzil A Coelho/UK/TLS/PwC] [attachment "20140501_LBTH_EmailDataRequest1_Memo2.pdf" deleted by Denzil A Coelho/UK/TLS/PwC] [attachment "20140501_LBTH_EmailDataRequest1_Appendix.pdf" deleted by Denzil A Coelho/UK/TLS/PwC]

Kind regards,

Denzil

Denzil A Coelho

PwC | Senior Manager
Office: +44 (0)20 7804 2817 | Mobile: +44 (0)7725 706 596
Email: denzil.a.coelho@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London, WC2N 6RH

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Appendix

The tables below list the custodians in relation to our Laptop, Desktop and Mobile Devices Data Request.

Councillor custodians

Councillor	Ward
A M Ohid Ahmed	East India and Lansbury
Abdul Asad	Whitechapel
Ahmed Omer	Bow East
Alibor Choudhury	Shadwell
Ann Jackson	Bow West
Bill Turner	Mile End and Globe Town
Carli Harper-Penman	Bow East
Carlo Gibbs	Bethnal Green North
Gulam Robbani	Spitalfields and Banglatown
Helal Uddin	Bromley by Bow
Helal Uddin Abbas	Spitalfields and Banglatown
Joshua Peck	Bow West
Kabir Ahmed	Weavers
Maium Miah	Millwall
Marc Francis	Bow East
Mizan Chaudhury	Bethnal Green South
Motin Uz-Zaman	Mile End East
Oliur Rahman	St. Dunstan's and Stepney Green
Rabina Khan	Shadwell
Rachael Saunders	Mile End East
Rania Khan	Bromley by Bow
Rofique Uddin Ahmed	Mile End and Globe Town
Shafiqul Haque	St. Katharine's and Wapping
Shahed Ali	Whitechapel
Sirajul Islam	Bethnal Green South
Stephanie Eaton	Bethnal Green North

LBTH Officers

Alam Mazharul	Lutfur Rahman
Aman Dalvi	Matthew Mannion
Andy Bamber	Meic.Sullivan-Gould
Andy Scott	Misthahul Islam
Ann Sutcliffe	Mohammed Chibou
Anne Canning	Murziline Parchment
Barry Scarr	Numan Hussain
Bozena Allen	Ohid Ahmed
Chris Holme	Owen Whalley
Colin Cormack	Poppy Noor
Dave Clark	Richard Lungley
David Galpin	Richard Murrell
Deborah Cohen	Robert McCulloch-Graham
Ellie Kuper Thomas	Robin Beattie
Gulshan Begum	Ruhana Ali
Helen Wilson	Sayed Khan
Jakie Odunoye	Shazia Hussain
Jamie Blake	Sima Begum
John S Williams	Simon Kilby
Josaphine Campbell	Somen Banerjee
Kate Bingham	Stephen Halsey
Kevin Miles	Steve Liddicot
Laraine Clay	Takki Sulaiman
Louise Russell	Zamil Ahmed



Memo

To: / Location: Robin Beattie, Shirley Hamilton / London Borough of Tower Hamlets

From: / Location: LBTH Inspectors / London, Embankment Place

Date: 6th May 2014

Subject: U Drive Data Request

This memo serves as a technical data request for U drive data held for the London Borough of Tower Hamlets (“LBTH”).

It is our current understanding that the U drive is a restricted area where a member of the Council or an LBTH employee can store data.

Data

For each user listed in the attached Appendix, please provide the following;

- a. A restore of the U drive data as at 31st March 2014.

You are required to restore the requested data and then copy the data to a USB hard drive provided by us.

Media

PwC will provide external USB hard drives of sufficient capacity to hold all relevant data. The data requested will only leave LBTH’s office in a securely encrypted format.

Additional Information and logs

To help us verify the completeness and consistency of the data, we also request the following:

- Restore logs for the system that you use to restore and extract the information we require. This includes the tape restore logs and the extraction logs (for each custodian).
- As data will be extracted from tape and then transferred to the USB hard drives, we require that you use Fast Copy (with verify mode) to copy the exports from their original location to the external hard drive. Fast Copy is free to use and can be downloaded from the following location: http://download.cnet.com/FastCopy/3000-2248_4-10905019.html
- The logs provided should include:
 - A copy of the logs from the restore and extraction system used.

*PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7212 4652, www.pwc.co.uk*

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-
- Copies of the Fast copy logs including MD5 hashes for data transported from servers to the USB external hard drive (see below).
 - If you believe you are unable to provide logs, please advise Denzil Coelho (denzil.a.coelho@uk.pwc.com) immediately in order to discuss alternative options.
 - Detailed contemporaneous notes must be taken at all steps.

Delivery

Once the data capture exercise has been completed please contact Denzil Coelho (denzil.a.coelho@uk.pwc.com) who will organise for the data to be collected. Please ensure that along with the PST files that the following is provided on the USB hard drive:

- A log (excel spreadsheet) of the contents of the drive detailing the custodian name, folder name and file size;
- A copy of the Restore Log;
- Fast Copy logs as created whilst moving the U drive data from restore location to the external hard drive; and
- The various artefacts from the exports as described above should be placed into the following directory structure:
 - CUSTODIANNNAME_RESTOREDATE
 - 01_U Drive Data
 - 001_DATA
 - 002_RESTORE LOG
 - FASTCOPY_LOGS



Memo

To: / Location: Robin Beattie, Shirley Hamilton/ London Borough of Tower Hamlets

From: / Location: LBTH Inspectors / London, Embankment Place

Date: 6th May 2014

Subject: Laptop/Desktop and Mobile Device Data Request

This memo serves as a technical data request for forensic images of the custodian's laptop, desktop (where applicable) and mobile devices.

Laptop/Desktop

For each user listed in the attached Appendix, please provide the following;

- a. For each of the laptops and desktops we require a bit for bit forensic image copy of the HDD(s) present.
- b. The image should be provided in either E01 or DD format.
- c. It is our understanding that the laptops are encrypted. These must be imaged in a decrypted format.
- d. An MD5 hash of the forensic image must be provided alongside a verification MD5 hash. These hashes must match. If these hashes do not match then data on the HDD could have been changed, and would not therefore represent a true and accurate copy of the original – as required by evidential continuity standards.
- e. Photographs must be taken of all angles of the laptop and front/back of the HDD. These photographs must be clear and all text must be readable.
- f. Detailed contemporaneous notes must be taken at all steps.
- g. Chain of custody documentation showing the custody and control of each item throughout its evidential life.

Mobile Devices

There are three potential components for a mobile device. These are a SIM card, memory card and the physical device.

For each user listed in the attached Appendix, please provide the following;

SIM Card

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T: +44 (0) 20 7583 5000, F: +44 (0) 20 7212 4652, www.pwc.co.uk*



-
- a. A full download to extract all user data from the SIM card using mobile forensic tools such as XRY and CelleBrite.
 - b. The download should be provided in either XRY or UFED format.
 - c. Photographs must be taken of the front and rear of the SIM card. These photographs must be clear and all text must be readable.
 - d. Detailed contemporaneous notes must be taken at all steps.
 - e. Chain of custody documentation showing the custody and control of each item throughout its evidential life.

Memory Card (where applicable)

- a. Where memory cards are found to be present, they require a bit for bit forensic image copy.
- b. The image should be provided in either E01 or DD format.
- c. An MD5 hash of the forensic image must be provided alongside a verification MD5 hash. These hashes must match. If these hashes do not match then it is possible that data has been changed, and would not therefore represent a true and accurate copy of the original – as required by evidential continuity standards.
- d. Photographs must be taken of the front and rear of the Memory Card. These photographs must be clear and all text must be readable
- e. Detailed contemporaneous notes must be taken at all steps.
- f. Chain of custody documentation showing the custody and control of each item throughout its evidential life.

Physical Devices

- a. For each of the mobile devices we require a forensic download using mobile forensic. These tools will recover all user data including deleted items.
- b. The image should be provided in either XRY or UFED format.
- c. Photographs must be taken of the front and rear of the device as well as all applications installed on the device, IMEI on the label and IMEI of the device using *#06#. These photographs must be clear and all text must be readable.
- d. If the device is a BlackBerry, a photograph must be taken of the database sizes screen as this shows how much data is stored on the device. This is typically found within Device and Status Information in settings.
- e. Detailed contemporaneous notes must be taken at all steps.



-
- f. Chain of custody documentation showing the custody and control of each item throughout its evidential life.

Media

PwC will provide external USB hard drives of sufficient capacity to hold all relevant data. The data requested will only leave LBTH's office in a securely encrypted format.

Drives will be encrypted using Truecrypt 7.0a. before any data is added with a defined password. Each drive will be encrypted and all passwords will be in excess of 20 characters (made up of numbers and letters). A copy of Truecrypt can be downloaded from <http://www.truecrypt.org/pastversions>.

Additional Information and logs

To help us verify the completeness and consistency of the data, we also request the following:

- It is possible that the data will be extracted and then transferred to the USB hard drives so therefore we require that you use Fast Copy (with verify mode) to copy the exports from their original location to the external hard drive. Fast Copy is free to use and can be downloaded from the following location: http://download.cnet.com/FastCopy/3000-2248_4-10905019.html
- The logs provided should include:
 - MD5 hash logs for each laptop, desktop, memory card image which must show the verification hash matches the acquisition hash.
 - Copies of the Fast copy logs including hashes for data transported from original location to the USB external hard drive (see below).
- If you believe you are unable to provide logs, please advise Denzil Coelho (denzil.a.coelho@uk.pwc.com) immediately in order to discuss alternative options.

Delivery

Once the data capture exercise has been completed please contact Denzil Coelho (denzil.a.coelho@uk.pwc.com) who will organise for the data to be collected. Please ensure that along with the Image files that the following is provided on the USB hard drive:

- A log (excel spreadsheet) of the contents of the drive detailing the custodian name, data type (laptop, desktop, SIM Card, Memory Card, Mobile Device), Size of data type, MD5 hash and Verification MD5 hash where applicable.
- Fast Copy logs as created whilst moving any files from their original location to the external hard drive; and
- The various artefacts from the exports as described above should be placed into the following directory structure:



-
- CUSTODIANNAME_DATEOFIMAGE
 - 01_LAPTOP/DESKTOP
 - 001_IMAGE
 - 002_PHOTOGRAPHS
 - 003_VERIFICATION REPORT
 - 02_MobileDevice
 - 001_SIM CARD
 - 002_MEMORY CARD
 - 003_MOBILE DEVICE
 - 004_PHOTOGRAPHS
 - FASTCOPY_LOGS
 - CONTEMPORANEOUS NOTES

Appendix

The tables below list the custodians in relation to our Laptop, Desktop and Mobile Devices Data Request.

Councillor custodians

Councillor	Ward
A M Ohid Ahmed	East India and Lansbury
Abdul Asad	Whitechapel
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Helal Uddin	Bromley by Bow
Helal Uddin Abbas	Spitalfields and Banglatown
Joshua Peck	Bow West
Kabir Ahmed	Weavers
Maium Miah	Millwall
Marc Francis	Bow East
Mizan Chaudhury	Bethnal Green South
Motin Uz-Zaman	Mile End East
Oliur Rahman	St. Dunstan's and Stepney Green
Rabina Khan	Shadwell
Rachael Saunders	Mile End East
Rania Khan	Bromley by Bow
Rofique Uddin Ahmed	Mile End and Globe Town
Shafiqul Haque	St. Katharine's and Wapping
Shahed Ali	Whitechapel
Sirajul Islam	Bethnal Green South
Stephanie Eaton	Bethnal Green North

LBTH Officers

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Aman Dalvi	Matthew Mannion
Andy Bamber	Meic.Sullivan-Gould
Andy Scott	Misthahul Islam
Ann Sutcliffe	Mohammed Chibou
Anne Canning	Murziline Parchment
Barry Scarr	Numan Hussain
Bozena Allen	Ohid Ahmed
Chris Holme	Owen Whalley
Colin Cormack	Poppy Noor
Dave Clark	Richard Lungley
David Galpin	Richard Murrell
Deborah Cohen	Robert McCulloch-Graham
Ellie Kuper Thomas	Robin Beattie
Gulshan Begum	Ruhana Ali
Helen Wilson	Sayed Khan
Jakie Odunoye	Shazia Hussain
Jamie Blake	Sima Begum
John S Williams	Simon Kilby
Josaphine Campbell	Somen Banerjee
Kate Bingham	Stephen Halsey
Kevin Miles	Steve Liddicot
Laraine Clay	Takki Sulaiman
Louise Russell	Zamil Ahmed

Meic Sullivan-Gould

From: Meic Sullivan-Gould
Sent: 07 May 2014 11:57
To: 'angus.r.brown@uk.pwc.com'; 'will.kenyon@uk.pwc.com'
Cc: Robin Beattie
Subject: FW: *Confidential: Fw: RE: Inspection: Draft document re working arrangements & statutory framework: Confidential
Attachments: LBTH-working arrangements for inspection-23Apr14.docx

Mr Brown

You will know from the parallel exchanges about the Agresso Data Request that the Council has been advised by counsel about the content of the Engagement Protocol and is particularly concerned about liability to allegations of Data Protection Act breaches. I do not need to repeat, I think, that the Council does see a need to safeguard the personal data that it is responsible for and hope that you can see that the assurances sought from PWC about respecting the rights of the data subjects was intended to smooth the path of your inspection rather than create a blockage. It is accepted that as a professional firm, PWC, like the Council, has certain obligations to make appropriate reports to prosecuting authorities and there is no intention to prevent your company from complying with such. Any other release of personal data must however respect the Data Protection principles and, where required, the consent of the Data Subjects must be sought and obtained before there is any "processing" of that data – which of course includes it being viewed by unauthorised persons.

In similar spirit the Council had made a series of suggestions about how the interviews with staff and others was going to be handled. Those suggestions were based on experience of dealing with Tower Hamlets staff (and their Unions) who may be witnesses to or potentially implicated in events that are being investigated. They are the sort of safeguards that staff and unions have come to expect. You have not explained the reasons why those suggestions (about recording, accompaniment & advance notice of documents to be referred to) have only been partially accepted (ie only used in "exceptional" cases) and have not indicated when those safeguards would be appropriate. In the absence of audio recording, challenges will arise about how questions and answers are going to be recorded, who by and whether the interviewee will be able to confirm or challenge the accuracy of the record taken. These challenges are likely to slow down your process rather than assist in smoothing progress.

Your response to the Council's draft introduces the concept of a "Requirement of Confidentiality" – that phrase is not explained in any way nor how it can be meshed with the obligation of confidentiality that is within Council officers' terms and conditions of employment. In passing I should say that any expectation you may have of having confidential discussions with elected members of the Council should be set at a very low level – experience here is that if a politician can glean information that they can use against someone they are in political opposition with (and that may be within the same party!); they will not hesitate to do so. The measures that were previously available to enforce confidentiality of Council information against elected members were swept away by the Localism Act. What does your "Requirement of Confidentiality" entail?

The Audit Commission had a Code of Audit Practice – I think that the last one approved by Parliament for Local Government Bodies was in March 2010 - <http://archive.audit-commission.gov.uk/auditcommission/sitecollectiondocuments/MethodologyAndTools/Guidance/20100310lgcodeofauditpractice.pdf> - Is there any reason why we should not accept that as the starting point for your engagement with the Council?

Meic Sullivan-Gould
Interim Monitoring Officer
Law, Probity and Governance Department

Tel 020 73644801
Email meic.sullivan-gould@towerhamlets.gov.uk

From: will.kenyon@uk.pwc.com [<mailto:will.kenyon@uk.pwc.com>]
Sent: 09 May 2014 18:41
To: Meic Sullivan-Gould
Cc: angus.r.brown@uk.pwc.com; Robin Beattie
Subject: RE: FW: Email Data Request
Importance: High

Meic,

Thank you for this and thanks again to both you and Robin for this morning's discussion. I have already briefed members of the team to provide more explanation of our requests, which I hope will assist. I look forward to further dialogue with you as matters progress.

In the meantime, have a good weekend.

Best regards

Will

Will Kenyon

PwC | Partner
Office: +44 (0)20 7212 2623 | Mobile: +44 (0)7764 235287 | Fax: +44 (0)20 7822 4652
Email: will.kenyon@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH
<http://www.pwc.com/>

From: Meic Sullivan-Gould <Meic.Sullivan-Gould@towerhamlets.gov.uk>
To: Angus R Brown/UK/CFR/PwC@EMEA-UK, Will Kenyon/UK/CFR/PwC@EMEA-UK
Cc: Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>
Date: 09/05/2014 18:01
Subject: RE: FW: Email Data Request

Will & Angus

Thank you for listening so patiently this morning to my concerns about firstly the legality of the Secretary of State's decision (in the absence of any explanation or reasons) for directing the Extraordinary Audit of the Council (which will be of passing interest to you but fundamentally affects the legality of even your firm's presence at the Council); secondly, my concerns that your audit is straying beyond the scope of assessing whether the Council's arrangements for continuous improvement and consultation under Part 1 of the 1999 Act are compliant with that Act and, thirdly, my concerns that your approach is not a reasonable one given the very limited number of functions which the Secretary of State has directed you to consider and the breadth of your firm's data requests which encompass many more of the Council's functions (including those that are supervised by Central Government Departments other than DCLG).

Notwithstanding my concerns about the fundamental legality of your audit, which have been taken up directly with DCLG, I recognise that your firm has been asked to do a task and that it may be that the Secretary of State can satisfy the Council that his reasons for the Extraordinary Audit are reasonable and rational so it would not be in the interests of yourselves or the Council to unduly disrupt the processes that have started and have generally been undertaken amicably and well. However, since our meeting I have reviewed the outstanding requests for data and documents in the

light of the second and third concerns outlined above and I have instructed staff to seek further information and clarifications from yourselves before commissioning the assembly and delivery of what are in some cases massive amounts of data. This does not by any means apply to all the outstanding information requests and where I can see that the link to Part 1 functions and one or more of the DCLG specified functions is obvious then I have authorised the release of those documents. Your colleagues will receive specific requests for clarification on 8 of the outstanding requests and I would be grateful if you would encourage your team to provide the requested responses. Their answers may lead to further discussions but I think it will become clear from this process as to where the possible problems are.

I am reviewing new information requests daily and will clear or question them as soon as they arrive, so far as I am able to do so. You may want to advise your staff as to these new arrangements and ask them to note the criteria against which their requests will be considered.

I hope that you will find that helpful.

Meic Sullivan-Gould
Interim Monitoring Officer
Law, Probity and Governance Department

Tel 020 73644801
Email meic.sullivan-gould@towerhamlets.gov.uk
Web www.towerhamlets.gov.uk

London Borough of Tower Hamlets
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PO Box 55739
5 Clove Crescent
London
E14 2BG

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From: Robin Beattie
Sent: 02 June 2014 11:45
To: angus.r.brown@uk.pwc.com
Cc: Meic Sullivan-Gould; Stephen Halsey
Subject: Clarification specific to Audit

Dear Angus

As you are aware I sought and secured clarification from you on how we should interpret your initial information / document requirement attached to your letter dated 4th April 2014 to Mr Halsey specific to the use of the term Affiliated entity or agent of LBTH. You were of the view that Tower Hamlets Homes was an Affiliated entity / Agent of LBTH and therefore must be covered by the information /document requirement.

We are now in receipt of a letter from the Chair of Tower Hamlets Homes (THH) that points out the issue we had also raised with you at our joint meeting with Meic Sullivan Gold. Specifically that THH is not a Best Value Authority as defined by the 1999 Act. In order to facilitate fast and unhindered cooperation from THH I am keen to secure rapid clarification of this point as it is a matter that is troubling them and one that we ourselves are inclined to agree with.

I would ask you to confirm that it is, therefore, within your power as inspectors appointed under the 1999 Act to include THH governance within the scope of your audit and that you are able to lawfully conduct a best value audit on an organisation (in this case THH) that is not a designated Best Value Authority. If you conclude that you are, or that we are mistaken in our understanding that an ALMO is not a Best Value Authority, then I would ask you to provide your legal rationale underpinning that conclusion so that we may understand it. If, however, you are of the view that this was an oversight on the part of PWC, can you confirm what you intend doing with the THH information we and THH have, in good faith, so far provided to you.

Regards

Robin Beattie
Service Head Strategy and Resources
Communities, Localities & Culture
6th Floor, Mulberry Place
Tel: 020 7364 4229
Email: robin.beattie@towerhamlets.gov.uk
Web: www.towerhamlets.gov.uk

London Borough of Tower Hamlets
Mulberry Place
PO Box 55739
5 Clove Crescent
London E14 2BG

From: angus.r.brown@uk.pwc.com [<mailto:angus.r.brown@uk.pwc.com>]
Sent: 13 June 2014 19:37
To: meicsg@aol.com
Cc: Meic Sullivan-Gould; Robin Beattie; Stephen Halsey; will.kenyon@uk.pwc.com
Subject: Re: Outstanding Data Requests

Dear Mr Sullivan-Gould

Many thanks for the note below, including the clarification concerning the certification point. I agree that a meeting is likely to be very helpful in dealing with any remaining lack of clarity you may concerning the basis for any outstanding information requests.

Unfortunately I am now away until Thursday however Will Kenyon would be keen to meet you as soon as diaries allow next week. Will is available on Monday afternoon. Please let us know if that works with you, or alternatively liaise with him directly to agree an alternative date.

Regards

Angus Brown

PwC | Director
Office: 0207 2124687 | Mobile: 07986573746
Email: angus.r.brown@uk.pwc.com
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH

From: Meic Sullivan-Gould <meicsg@aol.com>
To: Angus R Brown/UK/CFR/PwC@EMEA-UK
Cc: Stephen.Halsey@towerhamlets.gov.uk, Robin.Beattie@towerhamlets.gov.uk, meic.sullivan-gould@towerhamlets.gov.uk
Date: 13/06/2014 17:59
Subject: Outstanding Data Requests

Dear Mr Brown

Please forgive this message from my private email address. I have had to leave the office to deal with a family issue (now resolved, happily) but it means that I need to use this to deal with an issue which Robin Beattie has told me about following your meeting this afternoon. I understand that the matter of the requested JDE material was raised. As you know we have this ready to go but your request for it has been the subject of a request for clarification by me in my capacity as Monitoring Officer regarding how this now historic information relates to the powers used to instigate the audit and so has been put on hold until a satisfactory response has been received.

It is my understanding that the matters specific to the requirement for certification have been resolved following your clarification to us that you were not legally obliged to certificate requests and were not prepared to do so. I understand that some references were made today by your staff that indicated that there was still a belief that certification was an issue. For the avoidance of doubt, it isn't. You will be aware no further requests for certification have been made as a result of your position being made clear to us. There is still, however, a requirement for PwC to clarify the lawfulness of those requests identified by me as not obviously aligned to the 1999 Act. This would include the JDE material.

You will be aware that on all other matters we continue to facilitate the audit effectively. We are keen to release the remaining material subject to securing the required level of clarification. Whilst I understand the temptation, in a pressured environment, to adopt a short 'one size fits all' standard response to any request for clarification my queries were specific to widely differing information and data requests and this is not, perhaps, the most effective way to engage with my concerns and resolve them. I see no obvious reason why you would not be able to establish the lawfulness of your requests sufficient to satisfy me in my capacity as Monitoring Officer and allow us to release the data to you, assuming that you are clear about the legal basis for those requests. In an attempt to get us to the point where we can transfer the outstanding material to you can I suggest that you agree to meet with me and go through each outstanding information request to establish the necessary legal pathway back to the powers under which you those requests have been made. If you are willing to do this we can set up that meeting swiftly.

Meic Sullivan-Gould
Interim Monitoring Officer
London Borough of Tower Hamlets
meicsg@aol.com

----- End of message text -----

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From: will.kenyon@uk.pwc.com [<mailto:will.kenyon@uk.pwc.com>]
Sent: 17 June 2014 19:10
To: Meic Sullivan-Gould
Cc: katherine.l.gillespie@uk.pwc.com; Robin Beattie
Subject: RE: FW: Outstanding Data Requests
Importance: High

Meic,

Thank you for a constructive meeting today. As discussed, I am writing to set out the rationale for our request for the JD Edwards data. I am also taking the opportunity to confirm a few of the other key points arising from our discussion.

JD Edwards data request

As I explained during the meeting, our Inspection covers the period from October 2010 to the date of our appointment. The JD Edwards system was in place for the majority of that period and is the one complete source for accounting and financial data for that portion of the period.

You have provided us with access to data from the current Agresso system, which has enabled us to carry out a variety of queries and analytical procedures of assistance to our Inspection. I appreciate that the JD Edwards system is "historic" in terms of the system itself.

However the content of that system - the data we have requested - is just as relevant to our review as the Agresso data and cannot be regarded as "historic" in the same sense, given that it relates to transactions that took place within the period covered by the Inspection. Use of this data will help us, for example, to determine our total population of grant payments and spending in respect of publicity. The data will also help us form a view as to the operations of the council throughout the relevant period and set transactions in context. Furthermore, in our testing of Agresso transactions the account structure behind a transaction often helps us to determine a transaction's purpose so as to be able to determine relevance.

I must reiterate what I said in today's meeting, namely that I would have to view lack of access to the requested JD Edwards data as a significant limitation on the scope of the Inspection.

Interviews

You indicated that you were content with the list of interviews and that you and our Robin will facilitate arrangements. We understand two individuals that we requested to meet are no longer with the Council. As discussed we would be grateful if you could still explore their availability in principle to speak to us.

Other matters

We discussed the following 4 legal and hard copy files and we understand all will be made available to us for review:

- i) Poplar Town Hall;
- ii) Limehouse Library;
- iii) Sutton Street depot; and
- iv) 111 – 113 Mellish Street.

We will provide more clarity on point 143 re Mayor's advisors and the rationale behind our request.

You will send us a copy of the Mazar's report re Poplar Town Hall as soon as it is available. In the meantime we will review the Motion to council to determine scope.

Regards

Will

Will Kenyon

PwC | Partner
Office: +44 (0)20 7212 2623 | Mobile: +44 (0)7764 235287 | Fax: +44 (0)20 7822 4652
Email: will.kenyon@uk.pwc.com
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----- End of message text -----

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From: katie.l.mills@uk.pwc.com [<mailto:katie.l.mills@uk.pwc.com>]
Sent: 17 June 2014 17:43
To: Robin Beattie; Thorsten Dreyer; Oscar Ford
Cc: katherine.l.gillespie@uk.pwc.com; james.s.tweddle@uk.pwc.com
Subject: PwC update 17/06/2014

All,

Please see below our update for today.

1. Clarification Points

- Item 142 - thank you for the further information from Zamil. We do not require any further information in relation to this request.
- Item 145 and 146 - I have spoken to the team and we have checked all of the transactions (c15k transactions in relation to request 145 and 6 transactions for request 146) in the Agresso financial data provided, however we are unable to ascertain the nature of the transactions from this information. Therefore these two requests remain unchanged. (Please note there was an error in the previous email from Louise Gault which incorrectly referred to item numbers 146 and 147, this relates to items 145 and 146).

2. New Information Requests

This is the list of new documents to be requested.

Item Description	Relevance of request
178 Contracts - Invoice 125639 / Arthur Mckay & Co: The value posted to the CLC cost centre is £12,543.60, we therefore understand that this is a level 2 contract. Please can you confirm whether this is correct and provide all supporting documentation for the tender process including: details of suppliers invited to quote; explanation of how these suppliers were selected; copies of the invitations to quote; quotations received; any documents relating to the evaluation of the quotes, and details of the contract award.	The letter to Stephen Halsey dated 4 April 2014 refers to our appointment by the Secretary of State to carry out an inspection of the compliance of the authority with the requirements of Part 1 of the Local Government Act 1999 in relation to the authority's functions with respect of governance, particularly the authority's functions under S151 of the Local Government Act 1972
179 Grants - All papers supporting the MSG 12-15 awards to The Attlee Foundation (CFS-27 and ASES- 75)	The letter to Stephen Halsey dated 4 April 2014 refers to our appointment by the Secretary of State to carry out an inspection of the compliance of the authority with the requirements of Part 1 of the Local Government Act 1999 in relation to the authority's functions with respect of governance, particularly the authority's functions under S151 of the Local Government Act 1972

Many Thanks

Katie

Katie Mills

PwC | Forensic Services
Office: + 44 (0) 207 212 5849 | Mobile: +44 (0) 7808 035 607

Email: katie.l.mills@uk.pwc.com
PricewaterhouseCoopers LLP
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Dee Burnett

From: will.kenyon@uk.pwc.com
Sent: 20 June 2014 16:56
To: Meic Sullivan-Gould
Cc: Chris Holme; katherine.l.gillespie@uk.pwc.com; Robin Beattie; angus.r.brown@uk.pwc.com
Subject: RE: FW: Outstanding Data Requests
Importance: High

Meic,

Thank you for this. We will take steps to obtain the data as soon as possible.

Regards

Will

Will Kenyon

PwC | Partner
Office: +44 (0)20 7212 2623 | Mobile: +44 (0)7764 235287 | Fax: +44 (0)20 7822 4652
Email: will.kenyon@uk.pwc.com
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From: Meic Sullivan-Gould <Meic.Sullivan-Gould@towerhamlets.gov.uk>
To: Will Kenyon/UK/CFR/PwC@EMEA-UK
Cc: Katherine L Gillespie/NI/UK/CFR/PwC@EMEA-UK, Robin Beattie <Robin.Beattie@towerhamlets.gov.uk>, Chris Holme <Chris.Holme@towerhamlets.gov.uk>
Date: 20/06/2014 15:31
Subject: RE: FW: Outstanding Data Requests

Mr Kenyon

Thank you for your explanation of your reasons for requesting sight of the JDE data. In that your audit was specifically addressed to the governance of processes rather than the execution of those processes it is not accepted that you need to see "the complete universe" of financial transactions undertaken by the Council – a sampling exercise (which you have undertaken in respect of other transactions) would have been sufficient to enable you to issue an assurance that the governance arrangements were being followed. Reliance on the reliable Agresso data which you have had for a number of weeks now would in my view amount to a more than reasonable sample for you to draw conclusions on the sufficiency of and compliance with the Council's current governance arrangements for grant making, property transactions, contracts and publicity so I have to reserve the council's position on whether this is a lawful and reasonable request. Having said that, we would not want to prevent you from giving the Council the clear bill of health that officers consider is appropriate and on that basis I have (by copy of this email) advised Chris Holme that he should release the RDE data to you today.

However you should approach that data with some caution: I have previously explained that you must appreciate that the RDE system was replaced by the Council because it was not going to be able to do the job that the Section 151 Officer needed it to do – provide a single version of the accounting truth for the whole of the Council's activities and that accordingly there is not absolute confidence that the RDE data is reliable. It would not be impressive for your Audit to merely confirm what we already know to be the deficiencies of the RDE system and its data. A summary of the rationale for the substitution of the JDE system is attached.

Meic Sullivan-Gould
Interim Monitoring Officer
Law, Probity and Governance Department

Tel 020 73644801

Email meic.sullivan-gould@towerhamlets.gov.uk

Web www.towerhamlets.gov.uk

London Borough of Tower Hamlets
Mulberry Place (AH)
PO Box 55739
5 Clove Crescent
London
E14 2BG



Paul Rowsell, Esq
Deputy Director – Democracy
Department for Communities and Local Government
3/J1 Eland House
Bressenden Place
London SW1E 5DU

27 June 2014

Dear Paul

Inspection of the London Borough of Tower Hamlets

I write pursuant to the appointment of PricewaterhouseCoopers LLP (“PwC” or “we”) by the Secretary of State for Communities and Local Government dated 4 April 2014 to conduct an inspection (“the Inspection”) of the London Borough of Tower Hamlets (“LBTH” or “the Council”) under section 10 of the Local Government Act 1999. In the letter of appointment, we were directed to report our findings from the Inspection by 30 June or such later date as might be agreed between us and the Secretary of State. This flexibility reflected the inherent uncertainties at the outset of the Inspection. Examples of these uncertainties included the volume and ease of access of information that might need to be examined; the extent, nature and implications of any issues that might emerge; and the level of co-operation we would receive from the Council.

Further to our regular and on-going discussions concerning the progress of the Inspection, I am writing to confirm that we will not be in a position to conclude the Inspection and report to the Secretary of State by 30 June 2014.

We have kept you informed over the course of the Inspection of, amongst other matters, the extent of co-operation of the Council and its responsiveness or otherwise to our requests for information and documentation. Whilst it should be recognised that the Council has provided substantial amounts of information and documentation, there have been in some cases considerable delays in its doing so and a number of requests for information or documentation that is potentially significant to the Inspection remain outstanding.

I attach to this letter a schedule which sets out some significant examples of such delays. I think these speak for themselves, but I would highlight by way of illustration the example of the JD Edwards data – the first item on this list. This was a request for basic financial data from the legacy accounting system of the Council, which covered much of the relevant period of the Inspection. As such it is, in our view, of fundamental importance to the Inspection. This request was made on 29 April but the data was not provided to us until 20 June.

The impact of the time it has taken for information to be produced, particularly given the volume of information that we need to consider has been not only to slow the general progress of the Inspection; but also to delay us in seeking to schedule interviews with individuals within the Council, which is a

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critical element of the Inspection. In order to conduct these interviews efficiently and effectively, we need to have the relevant information and documentation to enable us to identify issues for enquiry and thereby prepare for the interviews. Accordingly, we have only recently been in a position to request interviews with a range of individuals and these are now in the process of being scheduled. Like any other aspect of the Inspection, this will be an iterative process, and we may need to seek further interviews, depending on the outcome of those we are currently working to arrange, as well as properly assimilating the information and documentation we have recently received or may yet still receive.

In light of the above, you will understand that at the present moment I am not in a position to give a precise estimate of when the Inspection will be concluded. We will, of course, continue to keep the situation under close review and keep you informed as matters progress.

Yours sincerely

A handwritten signature in blue ink that reads 'Will Kenyon'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Will Kenyon
Partner

Examples of delayed information requests

Item number	Area	Document/information requested	Date Requested	Date Received	Comments
63	General	Data on JD Edwards system.	29/04/2014	20/06/2014	Significant communications on this between us and LBTH.
101	Grants	List of the eight organisations under investigation by Internal Audit and the status of these investigations.	07/05/2014		Information remains outstanding.
104	Property Disposals	The legal files for 40 property transactions.	07/05/2014	20/06/2014	Certificate requested by LBTH. LBTH legal department raised questions re privilege on 04/06/2014. We responded on 11/06/2014.
137	General	A list of all investigations, reviews, or similar conducted by Internal Audit, External Audit or external consultants in relation to processes or transactions in relation to the four areas of focus of the inspection. The list should include: - who conducted the work; - their terms of reference; and - copies of all reports.	15/05/2014	10/06/2014 [partial]	10.6.14 response comprised a summary list of reports already provided to us. Comprehensive list, and copies of other reports [if any] remains outstanding. Poplar Town Hall remains outstanding (apparently pending finalisation of report).

Item number	Area	Document/information requested	Date Requested	Date Received	Comments
143	Publicity	Documents concerning the procurement process followed and approval for services procured from the following advisors: - Kazim Zaidi; - Mohammed Jubair; - Mark Seddon; and - Ian Williams.	27/05/2014		Documentation remains outstanding.
153	Property disposals	Any files held by the third sector allocation team in relation to 12 specified leases.	30/05/2014	24/06/2014	
155	Publicity	The invoice and purchase order (and any other supporting documents) for a specified payment (relating to advertising placed with ATN Bangla UK, and subsequently the subject of comment by Ofcom).	30/05/2014	24/06/2014	
147	Contracts	All procurement documentation (including e.g. identification/need assessment, quotes, evaluation, approvals) for eight contracts.	27/05/2014	17/06/2014	Documentation for 1 contract remains outstanding.
99	Grants	List of grants awarded through the Rapid Response Team (RRT).	07/05/2014	23/05/2014	
166	Publicity	The invoice and purchase order (and any other supporting documents) for 14 payments (relating to advertising placed with 5 TV channels that were subsequently the subject of comment by Ofcom).	06/06/2014	20/06/2014	



Department for
Communities and
Local Government

Will Kenyon
Partner
PricewaterhouseCoopers LLP
By email

30 June 2014

LONDON BOROUGH OF TOWER HAMLETS: INSPECTION

By letter of 4 April 2014, you were informed that the Secretary of State appointed PricewaterhouseCoopers LLP (PwC) as the person to carry out an inspection of the compliance of the authority known as the London Borough of Tower Hamlets with the requirements of Part 1 of the Local Government Act 1999 in relation to the authority's functions in respect of governance. By that letter PwC were also directed to report the findings of the inspection to the Secretary of State by 30 June 2014 or such later date as the inspector may agree with the Secretary of State.

I am now writing to you, having regard to the information you have provided about the progress of the inspection, particularly in your letter to me of 27 June 2014, to agree that the date by which you are to report the findings of the inspection to the Secretary of State is to be a date later than 30 June 2014 which we will agree with you as set out below. We are agreeing to this later date recognising the circumstances you have encountered in the authority, which have resulted, and continue to result, in information material to your inspection being made available to you only after delay, or not at all to date. This has necessarily affected the overall progress of the inspection, including the timing of the interviews which you judge are needed with a number of persons.

Given these circumstances, we intend to assess with you towards the end of the week beginning 7 July the progress you have made with the inspection from the date of this letter, particularly in relation to outstanding requests for information and hence to your progress with the programme of interviews which will be central to the final conclusions you draw in your report. On the basis of this assessment and our judgement about the future likely circumstances at Tower Hamlets, we will seek by mid-July to agree with you the date by which we can reasonably expect you to report your findings to the Secretary of State.

Yours sincerely

Paul Rowsell

Paul Rowsell
Deputy Director - Democracy
Department for Communities and Local Government
3/J1, Eland House
Bressenden Place
London SW1E 5DU

Tel 0303 44 40000

Email paul.rowsell@communities.gsi.gov.uk



Department for
Communities and
Local Government

Stephen Halsey
Head of Paid Service
London Borough of Tower Hamlets
Tower Hamlets Town Hall
6th Floor, Mulberry Place
5 Clove Crescent
London E14 2BG

30 June 2014

Dear Mr Halsey

Sir Bob Kerslake wrote to you on 4 April 2014 informing you about the inspection of your authority to be carried out by PricewaterhouseCoopers LLP (PwC). He explained that it is envisaged that PwC would report the findings to the Secretary of State by 30 June 2014, although a later report date may be agreed between PwC and the Secretary of State.

As you will see from the enclosed letter to Will Kenyon of PwC, the Secretary of State has agreed that PwC will report the findings of the inspection to him at a date later than 30 June 2014, and intends by the middle of July to agree with PwC the date by which he can reasonably expect them to report.

As explained in the enclosed letter, the Secretary of State has agreed to a later date having regard to the information provided by PwC about the progress of the inspection, and recognising the circumstances that PwC have encountered in your authority, which have resulted, and continue to result, in information material to the inspection being made available to PwC only after delay, or not at all to date. This disappointingly delayed provision of information has necessarily affected the overall progress of the inspection, including the timing of the interviews which PwC judge are needed with a number of persons.

As also explained in the enclosed letter, it is intended to agree the date by which the report can reasonably be expected on the basis of an assessment about the progress of the inspection over the next two weeks, and of our judgement about the future likely circumstances at Tower Hamlets. I recognise that your Council is considering a proposed claim for judicial review

Paul Rowsell
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and has sent us a formal letter before claim to which we responded on 19 June. How your Council decides to proceed with this matter may materially affect the future circumstances at Tower Hamlets, and the final report date.

All these matters, including the final report date, may have implications for the cost of the inspection. In my letter of 28 May to Mr Holme, I said that we intended as soon as practicable to give you some indication of costs. I am now able to say that given the circumstances to date of the inspection we envisage the likely total cost being within £1 million, assuming future full cooperation of your Council.

Yours sincerely

A handwritten signature in cursive script that reads "Paul Rowsell". The signature is written in black ink and is positioned above the printed name.

Paul Rowsell

Information Returned to PWC Log: General	
Request details:	
Date	Description & Response Location
04/04/14	Item 1: Copy of LBTH document management and retention policy Folder: Other requests/ Organisational policies & procedures (non-finance - not included elsewhere)
04/04/14	Item 2: An organisation chart for LBTH showing key roles and responsibilities and, in particular, those departments, committees and individuals relevant to the matters covered under A to D above. <i>(i.e., Grants, Property disposals, Contracts, Expenditures relating to publicity)</i> Folder: Other requests/ Organisational charts
08/04/14	Item no.3: Folder: Other requests/ Audits & Letters/ External Audits & Letters
08/04/14	Item 4: Folder: Other requests/ Committee papers & decisions/ Mayoral Executive Decision
08/04/14	Item 4: Folder: Other requests/ Committee papers & decisions/ Mayoral Executive Decision/ Mayoral decision with PART2
08/04/14	Item 4: Folder: Other requests/ Constitution
08/04/14	Link to current constitution & scheme of delegation: • Link to constitution including schemes of delegation
08/04/14	Item 4: Folder: Other requests/ Constitution
08/04/14	Item 5: Folder: Other requests/ Committee papers & decisions/ Overview & Scrutiny
08/04/14	Item 5: Folder: Other requests/ Committee papers & decisions/ Overview & Scrutiny/ OSC papers with PART 2
08/04/14	Item 5.4: Request for officer meeting notes Folder - Other requests\Committee papers & decisions\Notes
08/04/14	Item6: Folder: Other requests/ Committee papers & decisions/ Cabinet
08/04/14	Item 6: Folder: Other requests/ Committee papers & decisions/ Cabinet/ Cabinet papers with PART 2
08/04/14	Item: 7 Folder: Other requests/ Committee papers & decisions/ Full Council
08/04/14	Item 7: Folder: Other requests/ Committee papers & decisions/ Full Council/ Council papers with PART 2

08/04/14	<p>Item 9: List of all decisions called in to the Overview and Security committee since 25 October 2010 and records concerning the outcome:</p> <ul style="list-style-type: none"> • Log of all called in decisions with decision date • O&S date • Decision review date • Dates as per above will link to agendas and minutes (item 5) which will record the outcome <p>Folder - Other requests\Committee papers & decisions\Overview & Scrutiny</p>
08/04/14	<p>item 13: Monitoring officer role and responsibilities (including additional role specification)</p> <p>Folder: Other requests/ Organisational charts</p>
08/04/14	<p>item 14: Internal and External Whistleblowing policies</p> <p>Folder: Other requests/ Organisational policies & procedures (non-finance - not included elsewhere)</p>
09/04/14	<p>Item 15: Relevant back up policies for hardware (desktops/laptops)</p> <p>Folder: Other requests\Organisational policies & procedures (non-finance - not included elsewhere)\Item 15 16 17 19 20 ICT Policies & Incidents</p>
09/04/14	<p>item 16: Retention and back-up policies for email and all network data</p> <p>Folder Other requests\Organisational policies & procedures (non-finance - not included elsewhere)\Item 15 16 17 19 20 ICT Policies & Incidents</p>
09/04/14	<p>item 17: Retention policies for data on servers</p> <p>Folder Other requests\Organisational policies & procedures (non-finance - not included elsewhere)\Item 15 16 17 19 20 ICT Policies & Incidents</p>
09/04/14	<p>Item 18: Quota for live email boxes</p> <p>Folder: Other requests/ Organisational policies & procedures (non-finance - not included elsewhere)</p>
09/04/14	<p>Item 19: Details of any data loss incidents with regards to email or network data since October 2010</p> <p>Folder: Other requests\Organisational policies & procedures (non-finance - not included elsewhere)\Item 15 16 17 19 20 ICT Policies & Incidents</p>
09/04/14	<p>Item 20: IT and any other relevant data policies (including acceptable use policy)</p> <p>Folder: Other requests/ Organisational policies & procedures (non-finance - not included elsewhere)</p>
09/04/14	<p>Item 20: IT and any other relevant data policies (including acceptable use policy)</p> <p>Folder: Other requests/ Organisational policies & procedures (non-finance - not included elsewhere)/ Item 15 16 17 19 20 ICT Policies & Incidents</p>
28/04/14	<p>Item 61: Agresso data request, including trial balances</p>

01/05/14	Item 71: Documents relating to the latest MAB for your directorate and any general documentation for this process (e.g. membership, official requests to schedule a meeting, any required agenda or minutes, etc).
28/04/14	Item 62: Details of staff working in the Mayor's Office including status, relationship to the authority, operational arrangements and differences. Folder - Other requests\Organisational charts\Item 62 Mayor's Office
17/04/14	Item 20 (Request clarified 23/04) A list of all electronic applications / systems and databases used by the Council, with a description of their use. Folder: Other requests\Organisational policies & procedures (non-finance - not included elsewhere)\Item 15 16 17 19 20 ICT Policies & Incidents
29/04/14	Item 63: JD Edwards data request - a list of all tables held within the JD Edwards system, including both the table name and the corresponding table description. This is the "library list" file which contains a mapping of the standard JD Edwards table names to their corresponding table descriptions / business processes (for example "F0911" refers to "General Ledger Details")., including trial balances
01/05/14	Item 72: Council's Asset Register for electronic devices issued by the Council (e.g. laptops, blackberries, USB sticks, etc) Folder - Other requests\Organisational policies & procedures (non-finance - not included elsewhere)\Item 72 Asset Logs Devices
01/05/14	Item 81: Email, Electronic Devices and U Drive data request
14/05/14	Item 132: Data - techforge data request - detailed in pdf attachment
14/05/14	Item 133: A collated list of all of the declared interests for each year in our scope
15/05/14	Item 135: A sample of 10 transactions from the JDE payments spreadsheet (detailed in spreadsheet attachment)
20/05/14	Item 137: A list of all investigations / reviews / or similar conducted by Internal Audit, external audit or external consultants in relation to processes or transactions in relation to the four areas of focus of the inspections (i.e. awarding of grants, property disposals, contracts, and publicity expenditure. The list should include: - who conducted the work and - their terms of reference. Copies of all reports are also requested.

24/06/14	<p>Item 187:</p> <p>Conflicts of interest - Thank you for providing data against request 163. We would like to extend our testing to include members elected in May 2010. Please could we get all 'Notification of Personal Interest' forms filed by each of the below Councillor's from the period running Oct 2010 - Present day. This should include any superseded forms and the most up to date forms held by the Council.</p> <p>Ahmed Adam Omer DAVID ANDREW SNOWDON David John Edgar Fozol Miah Helal Uddin Abbas Judith Anne Gardiner Kabir Ahmed MOHAMMAD ABDUL MUKIT MotinUz Zaman Peter Golds Shiria Khatun Stephanie Eaton Timothy Archer</p>
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Information Returned to PWC Log: Grants	
Request details:	
Date	Description & Response Location
04/04/14	<p>A. Grants</p> <p>1. A complete list of all grants made by LBTH to include:</p> <ul style="list-style-type: none"> - Full name of the recipient organisation - Amount of the grant - Purpose of the grant - Date of payment - Any relevant reference number or unique identifiers that are part of the audit trail <p>Folder: Grants/Mainstream Grants/QA1 A complete list of MSG</p>
04/04/14	<p>Item 33:</p> <p>Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants.</p> <p>Folder: Grants/Mainstream Grants/QA2 Documentation policies procedures MSG</p>
04/04/14	<p>Item 33:</p> <p>Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants.</p> <p>Folder: Grants/Mainstream Grants/QA2 Documentation policies procedures MSG/Application & Guidance</p>
04/04/14	<p>Item 33:</p> <p>Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants.</p> <p>Folder: Grants/Mainstream Grants/QA2 Documentation policies procedures MSG/Application & Guidance/ Grant Assessments</p>
04/04/14	<p>Item 33:</p> <p>Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants.</p> <p>Folder: Grants/Mainstream Grants/QA2 Documentation policies procedures MSG/Application & Guidance/ Grant Specifications</p>
04/04/14	<p>Item 33:</p> <p>Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants.</p> <p>Folder: Grants\ Mainstream Grants\ Grant Payments</p>
04/04/14	<p>A. Grants</p> <p>1. A complete list of all grants made by LBTH</p> <p>Item 33:</p> <p>Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants.</p>

	Folder: Grants/ CLC directly managed/ Events Fund
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ CLC directly managed/ Mayors Cup
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ CLC directly managed/ Positive Activities for Young People
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ CLC directly managed/ Summer Grants
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ CLC directly managed/ Youth Opportunities Fund
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\CLC directly managed\Sports Council Grants
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ D&R directly managed/ Community Chest & Community Events / Community Chest & Community Events
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Folder: Grants/ D&R directly managed/ Corporate Match Funding

04/04/14	A. Grants 2. Documentation (CMF Policy & Procedure)
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ D&R directly managed/ Faith Buildings
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Folder: Grants/ D&R directly managed/ THFRT/ THFRT Funding
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ D&R directly managed/ THFRT/ THFRT Procedures
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Folder: Grants/ D&R directly managed/ Historic Buildings/ Historic Building Funding
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ D&R directly managed/ Historic Building / Historic Building Procedures
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Folder: Grants/ D&R directly managed/ Property Grants\Property Grants Funding
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ D&R directly managed/ Property Grants\Property Grants Procedure
04/04/14	A. Grants 1. A complete list of all grants made by LBTH Folder: Grants\ESCW directly managed
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ THH directly managed/ Full list

04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ THH directly managed/ Community Chest
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ THH directly managed/ Diamond Jubilee Fund
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ THH directly managed/ TRA Grants
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ THH directly managed/ You Make a Difference Fund
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants/ THH directly managed/ Youth Make A Difference Fund
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 120906
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 120925
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 120928
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 121001

04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 121120
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 121130
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 130411
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 130423
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 130611
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 130709
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 130917
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 131031
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 131205
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 140120

04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 140225
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Corporate Grant Board Papers\ 140311\ agenda
04/04/14	Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Mainstream Grants\Grant Payments
06/05/14	<i>Clarification of existing requests</i> Item 33 - 3rd Sector Grants for February 2014 -we only have the draft minutes not the finalised version and there was a meeting in March 2014.
08/04/14	Item 35: Grant assessment form
08/04/14	Item 36: Grant Report dated 8 August 2012
08/04/14	Item 37: Social Welfare Advice Service needs analysis report (2011) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG
08/04/14	Item 38: Any internal or external audit reports in relation to grants/grant giving or organisations receiving grants Folder: Grants/ Grants Audits Internal
01/05/14	Item 76: Any LBTH policy or procedure documents describing the process for each stage of the Grants Review process (e.g. criteria and weighting, format and documentation of rationale and recommendation, etc) Folder: Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Review Process
01/05/14	Item 77: Statements drafted for Mayor to use at the 3 October 2012 CGBP re: 'minded to notify all the groups who had applied for MSG that ...they could ask for a review within 7 days' (referenced as 'document 8' at para 9 of the Overview of the Mainstream Grants Process, drafted by Jill Bell 12.2.14)
01/05/14	Item 78: Any other communications to MSG applicants re: the Mayor's decision to notify them '...they could ask for a review within 7 days' Folder: Grants\Mainstream Grants\QA2 Documentation policies

	procedures MSG\Review Process
01/05/14	Item 79: All Grant Review documentation relating to one illustrative example of a successful Grant Review application under the 2012-15 MSG programme (e.g. 1st alphabetical recipient organisation seeking funding for Lunch Clubs) Folder: Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Review Process
01/05/14	Item 73: Summary equality impact assessment of 2012-15 MSG programme recommendations (Appendix 2 of the Main Stream Grants Report November 2012 PB291112) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Equalities Assessment
07/05/14	Item 100: List of grants awarded through the Working Neighbourhoods Trust (WNF) from October 2010
08/05/14	Item 112: Papers circulated for this meeting, including spreadsheet(s) of initial officer assessments / award recommendations for 2012-15 MSG programme (you thought these had been provided already; having checked in the shared drive we expect any papers will have been provided in hardcopy only and would like electronic versions please) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Item 112 Meeting Papers
08/05/14	Item 114: Confirmation of the status of 'Appendix 2 - Summary EQIAs' to the Cabinet report of 3 October 2012 on the 2012-15 MSG programme (you thought that a summary EIA for the overall MSG programme had not been produced but were still checking whether some other Appendix 2 was ever produced for this report) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Item 114 Confirmation App 2 status
08/05/14	Item 115: Corporate Grant Board report, minutes or other documentation (1.Grants/Corporate Grant Board Papers/120906) Folder - Grants\Corporate Grant Board Papers\120906\Item 115 Corporate Grant Board
08/05/14	Item 111: Grants - Email request by lead Member to defer 14 August 2012 meeting of the Corporate Grant Board Folder - Grants\Corporate Grant Board Papers\Item 111 LM e-Mail

08/05/14	<p>Item 111: Grants - Email request by lead Member to defer 14 August 2012 meeting of the Corporate Grant Board Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Item 111 MSG Panel Deferment</p>
08/05/14	<p>Item 119: Any documented workings for the review process (including any spreadsheets listing GIFTS reference numbers / officer recommendations / Board decisions / Mayoral final decision) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Review Process\Item 119 Review Process Docs Directorate\AHW</p>
08/05/14	<p>Item 119: Any documented workings for the review process (including any spreadsheets listing GIFTS reference numbers / officer recommendations / Board decisions / Mayoral final decision) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Review Process\Item 119 Review Process Docs Directorate\CLC</p>
08/05/14	<p>Item 119: Any documented workings for the review process (including any spreadsheets listing GIFTS reference numbers / officer recommendations / Board decisions / Mayoral final decision) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Review Process\Item 119 Review Process Docs Directorate\CS&F</p>
08/05/14	<p>Item 119: Any documented workings for the review process (including any spreadsheets listing GIFTS reference numbers / officer recommendations / Board decisions / Mayoral final decision) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Review Process\Item 119 Review Process Docs Directorate\D&R</p>
04/04/14	<p>Item 33: Documentation of policies and procedures pertaining to the receipt, processing, evaluation, and approval of grant applications, and payment of grants. Folder: Grants\Item 33 One Tower Hamlets Fund</p>
01/05/14	<p>Item 75: Any LBTH policy or procedure documents describing when equality impact assessments should be produced in the Grants process Folder - Grants\Item 75 EQIA Procedures</p>

01/05/14	<p>Item 74: Any other versions of this summary (document 73) equality impact assessment of the overall 2012-15 MSG programme (e.g. before the October and November CGBP meetings, after the Grants Review process, etc) Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Equalities Assessment\EQIA 20.11.12 CGPB Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Equalities Assessment\EQIA 30.11.12 CGPB</p>
01/05/14	<p>Item 74: Any other versions of this summary (document 73) equality impact assessment of the overall 2012-15 MSG programme (e.g. before the October and November CGBP meetings, after the Grants Review process, etc) Folder - Grants\Item 74 EQIAs for Grants</p>
01/05/14	<p>Item 74: Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Equalities Assessment\EQIA 30.11.12 Exec Decision</p>
08/05/14	<p>Item 113: Any documented legal advice on the requirement to produce Equality Impact Assessments as part of the 2012-15 MSG process Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Item 113 EQIA Legal Advice File note attached to additions e-mail of 16/05/14 Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Item 113 EQIA Legal Advice</p>
08/05/14	<p>Item 117: Any documented guidance, protocol or workings for the Adjustment for Gaps in Provision stage (including roles & responsibilities, ad hoc legal advice for the 2012-15 MSG programme, etc) File note attached to additions e-mail of 16/05/14 and explanatory note in the same e-mail. Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Item 117 Adjustment for Gaps</p>
08/05/14	<p>Item 118: Any control sheets to track progress & officers working on reviews regarding reviews of 2012-15 award recommendations Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Item 118 Award Review Control Sheets File note attached to additions e-mail of 16/05/14</p>
13/05/14	<p>Item 127 Equality Impact Assessment(s) for the Community Faith Buildings (CFB) support grant scheme Folder - Grants\D&R directly managed\Faith Buildings\Item 127 CFB Equality Impact Assessments</p>

13/05/14	<p>Item 128</p> <p>Any papers (agenda, minutes, etc) related to CFB consultation meetings with the Interfaith Forum and other organisations (e.g. Dave Clark meeting with Rev Alan Green in September or October 2013)</p> <p>Folder - Grants\D&R directly managed\Faith Buildings\Item 128 CFB consultation meetings with THIFF</p>
13/05/14	<p>Item 129</p> <p>Any documentation and summaries of CFB officer panel scoring, ranking and recommendations to Corporate Grant Panel Board - Round 1 and Round 2 if available</p> <p>Folder - Grants\D&R directly managed\Faith Buildings\Item 129 CFB officer panel</p>
13/05/14	<p>Item 130</p> <p>Any documentation and summaries of Corporate Grant Panel Board recommendations, including variance from officer panel recommendations - Round 1 and Round 2 if available</p> <p>Folder - Grants\Corporate Grant Board Papers\Item 130 CGPB recommendations</p>
13/05/14	<p>Item 131</p> <p>Documentation on status of and any Board or Cabinet discussion of CFB Round 2 applications</p> <p>Folder - Grants\Corporate Grant Board Papers\Item 131 CGPB or Cabinet discussion of Round 2</p>
07/05/14	<p>Item 102:</p> <p>Clarification on several Grant Types:</p> <ul style="list-style-type: none"> - are 'Heritage' grants different from those under "Historic buildings"? - s106 Grants - is there any information available on these? There are no files in the shared folder. - Is any info available on the Economic Development grants? The folder has been removed from the shared area. - Is there any info on Bursaries? No files in the shared folder. - Is there any info on Community Phase building grants? These were mentioned in a preliminary interview
07/05/14	<p>Item 99:</p> <p>List of grants awarded through the Rapid Response Team (RRT) from October 2010</p>
08/05/14	<p>Item 116:</p> <p>Any documented listing of final scorings (assuming that these are not available from the GIFTS system and that the detailed officer scorecards are retained in hardcopy only at Directorate level)</p>
29/05/14	<p>Item 149</p> <p>Example CFB payment claim form. (Document offered by Dave Clarke in a meeting on Wed 28th June.)</p> <p>Folder - Grants\D&R directly managed\Faith Buildings\Item 149 CFB Claim</p>

29/05/14	<p>Item 150</p> <p>Example CC application assessment file showing how officers document their basic research & judgement on bids for expensive goods / services. (Document offered by Dave Clarke in a meeting on Wed 28th June.)</p> <p>Folder - Grants\D&R directly managed</p>
29/05/14	<p>Item 151</p> <p>GIFTS report for CC/CE Round 7 to identify multiple applications by organisation (GIFTS report for Rounds 1 - 6 already provided, as part of report to O&S). (These documents have been offered by Dave Clarke in a meeting on Wed 28th June.)</p> <p>Folder - Grants\D&R directly managed\Community Chest & Community Events</p>
07/05/14	<p>Item 101:</p> <p>List of the 8 organisations under investigation by Internal Audit/status of these investigations</p>
08/05/14	<p>Item 109:</p> <p>List of attendees at the spring 2012 public workshops on the 2012-15 MSG application & assessment process</p>
08/05/14	<p>Item 110:</p> <p>D&R control sheet to track progress & officers working on Assessment Panels (plus any other Directorate control sheets to track their Assessment Panels)</p> <p>Folder - Grants\Mainstream Grants\QA2 Documentation policies procedures MSG\Item 110 Assessment Panels</p>
29/05/14	<p>Item 149</p> <p>Example CFB payment claim form. (Document offered by Dave Clarke in a meeting on Wed 28th June.)</p> <p>Folder - Grants\D&R directly managed\Faith Buildings\Item 149 CFB Claim</p>
29/05/14	<p>Item 150</p> <p>Example CC application assessment file showing how officers document their basic research & judgement on bids for expensive goods / services. (Document offered by Dave Clarke in a meeting on Wed 28th June.)</p> <p>Folder - Grants\D&R directly managed</p>
29/05/14	<p>Item 151</p> <p>GIFTS report for CC/CE Round 7 to identify multiple applications by organisation (GIFTS report for Rounds 1 - 6 already provided, as part of report to O&S). (These documents have been offered by Dave Clarke in a meeting on Wed 28th June.)</p> <p>Folder - Grants\D&R directly managed\Community Chest & Community Events</p>
03/06/14	<p>Item 156:</p> <p>Service Level Agreement between Brick Lane Youth Development Association (DLYDA) and LBTH Youth and Community Learning Directorate for various youth services</p>

03/06/14	Item 157: Under this SLA, Youth Directorate payments and monitoring information for 2010/2011, broken down by the five projects (Shaathi, Aasha, E&E, Amaal and YCHP)
03/06/14	Item 158: Rapid Response Team spot payments, specific cost code, recipients and associated agreements for 2010-2014
05/06/14	Item 161: Grants - Documentation for the '954' MSG grant funding stream including: - CGPB, Cabinet and Mayoral discussions and decisions; - changes to budget over the period;- internal assessment guidance / protocol / templates;- any summary lists and specific records of applications / assessments of eligibility & scorings / official recommendations to CGPB & moderation / allocations & awards / payments / monitoring reports. Folder: - Grants\Mainstream Grants\Item 161 MSG 954 Docs D&R
05/06/14	Item 161: Grants - Documentation for the '954' MSG grant funding stream including: - CGPB, Cabinet and Mayoral discussions and decisions; - changes to budget over the period;- internal assessment guidance / protocol / templates;- any summary lists and specific records of applications / assessments of eligibility & scorings / official recommendations to CGPB & moderation / allocations & awards / payments / monitoring reports. Folder: - Grants\Mainstream Grants\Item 161 MSG 954 Docs Other
05/06/14	Item 162: Grants - Documentation for the 'Prevention, Health & Wellbeing' MSG grant funding stream including: - CGPB, Cabinet and Mayoral discussions and decisions; - changes to budget over the period;- internal assessment guidance / protocol / templates;- any summary lists and specific records of applications / assessments of eligibility & scorings / official recommendations to CGPB & moderation / allocations & awards / payments / monitoring reports. Folder - Grants\Mainstream Grants\Item 162 MSG PH&W Docs
16/06/14	Item 174: Grants - Please could we request any and all monitoring documentation in respect of the 2012-2015 MSG award programme
16/06/14	Item 175: Grants - Dorset Community Association - all MSG and Community Faith Building application, assessment and award documentation, including but not limited to scoring data, correspondence, due diligence and monitoring.
16/06/14	Item 176: Grants - Dorset Community Association - all documentation in respect of the MAYP SLA awards including but not limited to

	application, correspondence, due diligence and monitoring.
16/06/14	Item 177: Grants - Healthy Chula CIC - all MSG application, assessment and award documentation, including but not limited to scoring data, correspondence, due diligence and monitoring.
17/06/14	Item 179: Grants - All papers supporting the MSG 12-15 awards to The Attlee Foundation (CFS-27 and ASES- 75)
18/06/14	Item 182: Grants - Please could you provide the following details for the attached Youth Schemes: <ul style="list-style-type: none"> - application forms and supporting documents provided; - eligibility assessments performed by LBTH; - scoring sheets and assessments, including any moderation stages; - details of any due diligence and monitoring conducted in respect of these applications/awards - any other relevant documents relating to the applications/award. <p>See attached spreadsheet "Request 182" for details of the Youth Schemes for this request</p>
18/06/14	Item 183: Grants - Please could you provide the following details for the attached SLAs: <ul style="list-style-type: none"> - copy of the signed SLA's - any general documentation describing the governance, process and procedures for tendering, receiving, assessing and awarding SLAs; - application/bid forms and supporting documents for these specific examples; - any assessment papers including moderation documents for these examples; - details of any due diligence and monitoring conducted in respect of these applications/SLA - any other relevant documentation for these SLAs, <p>See attached spreadsheet "Request 183" for details of the SLAs for this request</p>

18/06/14	<p>Item 184: Grants - Please could you provide the following details for the attached MSG grants:</p> <ul style="list-style-type: none"> - completed application forms and supporting documents; - eligibility assessments completed by officers; - scoring assessments including original and moderated versions; - any documentation for amendments to the award levels given to these organisations, either by officers or members; - details of any due diligence and monitoring conducted in respect of these applications/awards <p>See attached spreadsheet "Request 184" for details of the MSG Grants for this request</p>
24/06/14	<p>Item 188: 1st and 2nd version of the business plan for Youth Services as discussed in a meeting with Andy Bamber on 25/06/2014</p>
24/06/14	<p>Item 189: Draft Briefing note entitled Young/Youth Routes Update as discussed in a meeting with Andy Bamber on 25/06/2014</p>

Information Returned to PWC Log: Property	
Request details:	
Date	Description & Response Location
04/04/14	<p>Item 39. A complete list of all real estate properties (including without limitation land, commercial property and residential property) sold by or otherwise transferred out of the ownership of LBTH, to include:</p> <ul style="list-style-type: none"> - Full description and address of the property - Value of the property at the date of sale or transfer - Full name and details of the party acquiring the property - Date of sale or transfer, and - Any relevant reference numbers or unques identifiers that are part of the audit trail <p>Folder: Property/Property disposals/Disposal register</p>
04/04/14	<p>Item 39. A complete list of all real estate properties etc.</p> <p>Folder: Property/Property disposals/Disposal register</p>
04/04/14	<p>Item 39. A complete list of all real estate properties (including without limitation land, commercial property and residential property) sold by or otherwise transferred out of the ownership of LBTH, to include:</p> <ul style="list-style-type: none"> - Full description and address of the property - Value of the property at the date of sale or transfer - Full name and details of the party acquiring the property - Date of sale or transfer, and - Any relevant reference numbers or unques identifiers that are part of the audit trail <p>Folder: Property/Right to buy disposals/Disposal register</p>
24/04/14	<p>Request for clarifications on the schedule.</p> <p>Folder - Property\ Property disposals\ Disposal register</p>
04/04/14	<p>Item 40. Documentation of policies and procedures pertaining to property disposals.</p> <p>Folder: Property/ Property Disposals/ Policies & Procedures</p>
	<p>Item 40. Documentation of policies and procedures pertaining to property disposals.</p> <p>Folder - Property\Property disposals\Policies & Procedures\Development Control</p>
04/04/14	<p>Item 40. Documentation of policies and procedures pertaining to property disposals.</p> <p>Folder: Property\Right to buy disposals\Policies & Procedures</p>
04/04/14	<p>Item no.40</p> <p>Property/ Property Disposals/ Disposal Example Queens Head</p>
04/04/14	<p>Item no.40</p> <p>Property/ Property Disposals/ Letting Example 26-28 Brick Lane</p>
08/04/14	<p>Item 41:</p> <p>Property strategy document.</p>

08/04/14	Item 42 Terms of Reference for the asset management working group and asset management board. Property\Property disposals\Policies & Procedures\Asset Terms of Reference\Board
08/04/14	Item 42 Terms of Reference for the asset management working group and asset management board. Property\Property disposals\Policies & Procedures\Asset Terms of Reference\ Working Group
08/04/14	Item 43: A list of all property leases including completed, transferred and disposed leases.
08/04/14	Item 44: Any internal or external audit reports in relation property disposals. Folder: Property/ Audits relating to disposals
16/04/14	Access to the Laserfiche system.
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Correspondence\ Email\ Inbox\
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Correspondence\ Email\ Inbox\ BAFS
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Correspondence\ Email\ Sent\
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Correspondence\ Letter
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar

	Town Hall\ 117 Poplar High St (Woodstock)\ Drawings
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ External Consultant docs\ Agent
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ External Consultant docs\
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Legal
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16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Legal\ Leases
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Legal\ Other
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Legal\ Report on title
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16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Legal\ To provide onto legal for draft lease\ 117 Poplar High Street (zipped folder)
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Planning

16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Response to ME
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ 117 Poplar High St (Woodstock)\ Services
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ Poplar Town Hall
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ Poplar Town Hall\ FOI 2014
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\Poplar Town Hall\ Poplar Town Hall\ planning
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\ Poplar Town Hall disposal
16/04/14	Access to documentation on Poplar Town Hall on the shared drive Folder: Property\Property disposals\Poplar Town Hall\ Poplar Town Hall disposal\ Poplar Town Hall disposal (zipped folder)\ Poplar Town Hall disposal
24/04/14	Meeting with Ann Sutcliffe - provision of paper documents
23/04/14	Item 58: Details of spreadsheet maintained re: property valuations.
24/04/14	Item 59a: For all properties listed in the first tab of the spreadsheet "Request 1.xlsx" attached (72) provide all documents in respect of these properties held on the asset management service's shared drive.
24/04/14	Item 59b: For all properties listed in the second tab of the spreadsheet "Request 1.xlsx" attached (113) we are requesting the valuation documents and contract documents containing the rental price (if valuation documents do not exist please comment as to why)
24/04/14	Item 60: For the list in spreadsheet "Request 2.xlsx" attached please advise as whether there have been any planning applications submitted for each property post sale, or if any of the properties have been the subject of a planning enforcement application post-sale. Folder - Property\Property disposals\Item 60 Planning Applications

06/05/14	Item 95: Property - Authorisation levels / schedule of delegation for property disposals Folder - Other requests\Constitution\Scheme of delegation
	316 Poplar High Street Folder - Property\Property disposals\Property 316 Poplar High Street
	KGF Trust Folder - Property\Property disposals\Property KGF Trust
29/04/14	Item 70: Policies and procedures that relate to extension of residential leases Folder - Property\Property disposals\Policies & Procedures
29/04/14	Item 69: Policies and procedures that relate to granting and renewal of short term leases and/or rentals
02/05/14	Item 82 - Latest property disposal procedures Folder - Property\Property disposals\Policies & Procedures\Item 82 Latest Disposals Procedures
25/04/14	Revised Item 59: In the spreadsheet attached (<i>Disposals - 25 10 10 Onwards - Master-Final with CLC amendments - testing sample 250414 request</i>) we have a sample of 66 properties which we require all documents held on the asset management service's shared drive. We have broken down this sample into a priority order of the following; disposals, peppercorns and other which can be seen in the respective tabs of the attached. Folder - Property\Property disposals\Soft file

23/05/14	<p>Item 139: For all properties below, please can you provide a rental statement which details the current rent being charged on the properties and any rent arrears due. Please also provide soft and hard property files and legal files for these properties:</p> <p>Stifford Centre 2-6 Cressy Place, Stepney Green, London, E1 3JG One o' Clock Club Former One o Clock Club onShakwell Lane. One o' Clock Club, Mile End Park Gardens,LocksleyStreet,Mile End,London,E14 7EJ One o' Clock Club, Victoria Park One O Clock Club, Cadogan Terrace, London,E9 5EG Keen Students Group / Osmanai centre 61 Valance Road, Whitechapel, London E1 5AB 5 Saltwall Street Mile End Properties no 588 Zain's restaurant, 588 Mile End Poplar Baths 1.East India Dock Road, Poplar, Tower Hamlets, London E14 0ED 60 Southern Grove E3 4PX The Old Ship Public House, 17 Barnes Street E14 7NW Pitsea Street Garages E1 Redcoat Community Centre 256 Stepney Way E1 3DW 3 Pennyfields E14 8HP</p> <p>For the following properties please provide hard property files and legal files for: 135 Commercial Street, London E1 Lukin Street/Bishop Challoner 16-18 Brick Lane E1 Wapping Youth Club, Tench Street, EW1 KobiNazrul Centre, 30 Hanbury Street E1 6QR 16 Calvert Avenue, London E2 7JP</p> <p>Folder - Property\Property disposals\Item 139</p>
29/05/14	<p>Item 152: Please can we be provided with the reports listed below as per the Council's website. These relate to a specific property we have already received information on, as provided by the Council.</p>
01/05/14	<p>Item 80 : Valuation evidence and sales price evidence for properties in the attached listing (185 properties)</p>
07/05/14	<p>Item 103: Information to support the approval of the letting of 316 Poplar Road which we understand is within a wider development approval</p>
07/05/14	<p>Item 104: For 40 properties can we request the legal files</p>
07/05/14	<p>Item 105: Poplar Town Hall hard file</p>

12/05/14	Item 126: Batch 1 property follow up questions (spreadsheet provided)
15/05/14	Item 136: Property - Batch 2 property follow up questions (spreadsheet attached)
20/05/14	Item 138: Batch 3 property follow up questions (spreadsheet attached) We require further details/evidence in relation to property disposals that we have reviewed in order to complete our testing and evidence that due process was followed
28/05/14	Item 148: The soft / electronic files in relation to the disposal of Land at Shadwell Station to Rail for London: We require this to complete our testing, as there was a significant change of use planning application made.
28/05/14	Item 153: Please can we be provided with any files held by the third sector allocation team in relation to the specific leases (dates included in the third sector leases spreadsheet)? These are specific properties we have already received information on, as provided by the Council. Folder - Property\Property disposals\Item 153 Mellish Street Third Sector
28/05/14	Item 154: Please can we be provided with the additional information outlined in the 'Questions (4) 28 5 14' spreadsheet
04/06/2014	Item 159: Legal file and property file for 'Land at Shadwell Station' which was disposed of on 31/03/2011
04/06/2014	Item 160: Planning file for the same property for the application on 16/10/2013 for Erection of reconditioned shipping containers to provide retail, professional services or office use.
06/06/14	Item 164: Property - Please can you inform us who the Lead Officer was for the disposals of Poplar Town Hall and Limehouse Library and for the leases of Sutton Street Depot and 111-113 Mellish Street. Please can we meet with each of these people as soon as possible. If the Lead Officer is no longer at the Council please can we meet with another individual who was also involved in the disposal/lease of the property in question and who has knowledge of how the disposal/lease was managed.
06/06/14	Item 165: Property - Please can we have a listing of all properties the Council owns (with the exception of housing) that are currently let out to third sector organisations at peppercorn rent or a reduced rent? Please can you include the lessee's name, the date the contract was entered into, the annual value of the

	contract, the length of the contract and the current level of rent arrears (if any).
18/06/14	<p>Item 181:</p> <p>Please find a list of questions/documents requested below:</p> <p>Mellish Street - Please can we see:</p> <ul style="list-style-type: none"> • The third sector file for the property • Evidence that there has been monitoring to see if Docklands Community Organisation (DCO) are fulfilling the requirements of the SLA • Evidence of the calculations behind the rental discount value given to DCO • Evidence of the assessment and appraisal of options for the site which led to the decision to rent the property to the third sector rather than leasing it commercially or selling the property. <p>Limehouse Library</p> <ul style="list-style-type: none"> • Please can we see evidence of the marketing, assessment of bids and all other activities related to the second bidding round which took place in February 2012? • Can we have confirmation of the reason why the highest bidder was not selected • Please can we see evidence of the decision that Cabinet made that the Mayor and/or Cabinet should be updated periodically regarding the sale of Limehouse Library? <p>Sutton Street Depot - Please can we see:</p> <ul style="list-style-type: none"> • Council's recommendation report to Cabinet regarding why Pearl Blue Ltd had been chosen and any supporting documents which demonstrate how the Council reached this decision (for example, minutes of any relevant panel meetings to discuss the bids) • The Council's assessment of the bids for Sutton Street Depot (to the extent there is additional information not included in the recommendation report). • Evidence of the reasoning for not proceeding with Excel (as recommended by Strettons) • The Mayor's handwritten note regarding a his decision to award a 12 month rent free period to Pearl Blue Ltd.
24/06/14	<p>Item 185:</p> <p>For the "Mellish Street" property we have been provided with two files that relate to the previous lease with Tower Hamlets Primary Care Trust. We would also like to review the legal files that exist for the more recent lease that was completed in July 2013, which was agreed with Docklands Community Organisation.</p>

24/06/14	<p>Item 186:</p> <p>There were 6 bids for the Sutton Street Depot lease. We understand based on review of Cabinet papers dated 5 September 2012 that bidders may have provided business plans and cash flow forecasts in some cases. Please can we see the original bid submissions including all submitted information for the following bids:</p> <p>Ruskin Private Hire Ltd - £85,000 Bangla Town Cash & Carry Ltd - £115,500 Pearl Blue Ltd - £95,000 - £105,000 plus any additional information that accompanied their later bid of £117,000 Excel Group Services Ltd - £120,000 London Tradition T/A East End Cash & Carry - £116,000 Cityside Primary Trust - £130,000</p>
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Information Returned to PWC Log: Publicity	
Request details:	
Date	Description & Response Location
04/04/14	Item 45: A complete list of all payments by LBTH to media organisations, including without limitation film, television, radio, internet and print media (such as newspapers, magazines, etc). This should include: <ul style="list-style-type: none"> • Full name of the payee organisation; • Amount of the payment; • Date of payment; and • Any relevant reference numbers or unique identifiers that are part of the audit trail. Folder: Publicity/ Other comms expenditure
04/04/14	Item 45: A complete list of all payments by LBTH to media organisations, including without limitation film, television, radio, internet and print media (such as newspapers, magazines, etc). This should include: <ul style="list-style-type: none"> • Full name of the payee organisation; • Amount of the payment; • Date of payment; and • Any relevant reference numbers or unique identifiers that are part of the audit trail. Folder Publicity\Corporate communications costs
04/04/14	Item 46: An analysis of all costs incurred in relation to the publication of East London Life. Folder Publicity\East End Life\Costs
04/04/14	Item 47: Documentation of policies and procedures pertaining to the tendering, evaluation, approval and signing of expenditures relating to publicity. Folder: Publicity/ East End Life
04/04/14	Item 47: Documentation of policies and procedures pertaining to the tendering, evaluation, approval and signing of expenditures relating to publicity. Folder Contracts\Policies & Procedures\Financial Regulations
08/04/14	Item 48: Link to the July 2011 Cabinet report <ul style="list-style-type: none"> • All meeting agendas and minutes are at item 6 • The exempt parts can be provided by Demographic Services.
08/04/14	Item 49: QC advice received on the July 2011 Review of East End life Folder: Publicity/ East End Life
08/04/14	Item 50: Link to September 2011 district auditors view of practice Folder: Publicity/ East End Life

08/04/1 4	Item 51: Any internal or external audit reports in relation to communications Folder: Publicity\Audits relating to Communications
08/04/1 4	Item 52: KPMG audit inspection report (2013) Folder: Other requests/ Audits & Letters/ External audits & Letters
08/04/1 4	Item 53: Brand Guide book Folder: Publicity/ Policies & Procedures
04/04/1 4	Item 54: Draft6 ICM survey results on East End Life
08/04/1 4	Item 55: Editorial guidelines for East End Life Folder: Publicity/ Policies & Procedures
08/04/1 4	Item 56: LBTH Social Media Policy
23/04/1 4	Item 57: Details of East End Life cost centre
29/04/1 4	Item 67: ICM survey results for 2009 Folder - Publicity\Item 67 ICM Survey 2009
29/04/1 4	Item 68: Code of practice on Local Authority publicity
29/04/1 4	Item 64: The Communication strategy and the approvals for this. Details of the funding in the communications strategy. Folder - Publicity\Item 64 Communications Strategy
09/05/1 4	Item 121: Job description for a Communications Advisor Folder - Publicity\Item 121 Job Description Comms Officer
09/05/1 4	Item 122: An example of a recent communications Grid for one directorate Folder - Publicity\Item 122 Example Comms Grid
29/04/1 4	Item 65: East End Life budget for all relevant years/periods.
29/04/1 4	Item 66: Report on the East End Life review
09/05/1 4	Item 123: Publicity - updated Communications team organisational chart (to reflect the restructure discussed in the meeting with Takki Sulaiman)
29/05/1 4	Item 140: Is there a listing of when advice and clearance for broadcasts (as per the Communications protocol) has been given?

29/05/1 4	<p>Item 141: From the 2012/12 external audit report we note that KPMG refers to two enquiries made by Councillors, could we see the original enquiry, any correspondence and any other related information relating to these enquiries? Is a log of enquiries such as these maintained? If so please provide a copy.</p>
29/05/1 4	<p>Item 142: What services were procured from the following suppliers? Please provide details of the approvals and details of the procurement process followed:</p> <ol style="list-style-type: none"> 1. Trinity Mirror Printing (Watford) 2. CCS Media Ltd 3. Beta Distribution (South) Ltd t/a London Letterbox Marketing 4. Panther Print & Design LTD 5. Print Impressions (Digital) Ltd 6. Captive Minds Communications Group Ltd 7. GUARDIAN NEWS & MEDIA LIMITED 8. Miacis Media Consultancy Ltd 9. Tutaev Design 10. Liberty Printers Ltd
29/05/1 4	<p>Item 143: What services were procured from the following advisors? Why was it deemed necessary to use an advisor in each case? Please provide details of the approvals and details of the procurement process followed:</p> <ul style="list-style-type: none"> • Kazim Zaidi • Mohammed Jubair • John Cheetham • Phillip Nduoyo • Stephen Beckett • Mark Seddon • Tony Winterbottom • Azad Miah • John Fennessy • June Mensah • Tamsin Gale • Sadia Uddin • Axel Landin • MazharulAlam
30/05/1 4	<p>Item 155: Please could we see the invoice and purchase order (and any other supporting documents) for the following payment from the JD Edwards data we have been provided with? Folder - Publicity\Item 155</p>

06/06/1 4	Item 166: Publicity - Please could we see the invoice and purchase order (and any other supporting documents) for the attached payments from the Agresso and JD Edwards data we have been provided with? Item #166 requested 06062014 (spreadsheet)
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Information Returned to PWC Log: Contracts	
Request details:	
Date	Description & Response Location
04/04/14	<p>Item 22: Documentation of policies and procedures pertaining to the tendering, evaluation, approval and signing of contracts and the payment of suppliers and service providers to include:</p> <ul style="list-style-type: none"> • Internal operating guide for procurement • Procurement imperative document • Mechanism for bid evaluation <p>Folder: Contracts/ Policies & Procedures/ Procurement Procedures</p>
04/04/14	<p>Item 22: Documentation of policies and procedures pertaining to the tendering, evaluation, approval and signing of contracts and the payment of suppliers and service providers to include:</p> <ul style="list-style-type: none"> • Internal operating guide for procurement • Procurement imperative document • Mechanism for bid evaluation <p>Folder: Contracts/ Policies & Procedures/ Procurement Procedure/ THH</p>
08/04/14	<p>Item 23: Underlying organisation chart (for the procurement function) to reflect the changes over time (e.g. to reflect the merger of children and adult services) Folder - Other requests\Organisational charts\Procurement Structure</p>
08/04/14	<p>Item 24: Terms of Reference for the competition board</p>
04/04/14	<p>Item 25: All contract quarterly forward plans since 25 October 2010</p> <ul style="list-style-type: none"> • Log of all Cabinet dates when contract forward plan was considered • All meeting agendas and minutes are at item 6 <p>Folder: Contracts/ Policies & Procedures/ Procurement Procedures/ Cabinet Forward Plan</p>
08/04/14	<p>Item 27: Any internal or external audit reports in relation to contracts or procurement since 25 October 2010 Folder: Contracts/ Procurement Audits Internal</p>
08/04/14	<p>Item 28: Detailed note around the contract management arrangements</p>
08/04/14	<p>Item 28: Detailed note around the contract management arrangements Folder: Contracts\Policies & Procedures\Procurement Procedures</p>

08/04/14	Item no.30: Folder: Other requests/ Strategies
08/04/14	Item 31: Mechanism for bid evaluation
08/04/14	Item 32: Change control request process for contracts
06/05/14	Clarification of existing requests Item 25 - Cabinet Forward Plans - Do we have a complete pack of reports, there are long gaps between the dates of the reports (ie 2 Nov 2011 => 20 Jun 2012 or 20 June 2012 => 9 Jan 2013). Should the meetings at which contract forward plans are discussed be held in advance of the plan period? Attachment to update e-mail
06/05/14	Item 83: Contracts - Schedule of delegation Attachment to update e-mail
06/05/14	Item 84: Procurement procedures - It would be useful to understand what the contracting Toolkit is. Is this a document and if so, can we have a copy? Attachment to update e-mail & in folder - Contracts\Policies & Procedures\Procurement Procedures\Item 84 RFQ Toolkit
06/05/14	Item 85: Procurement procedures - It would be useful to understand what the Request for Quotation (RFQ) toolkit is. Is this a document and if so, can we have a copy? Attachment to update e-mail
06/05/14	Item 86: Procurement procedures It would be useful to understand what the Contracting Tender Toolkit is. Is this a document and if so, can we have a copy? Attachment to update e-mail
06/05/14	Item 87: Procurement procedures It would be useful to understand what the Procurement Toolkit is. Is this a document and if so, can we have a copy? Attachment to update e-mail
06/05/14	Item 88: Procurement Monitoring process - Can we have copies of the quarterly Variation Reports for our review period? Attachment to update e-mail
06/05/14	Item 89: Procurement Monitoring process - It would be useful to understand the purpose and use of the risk register as well as obtaining a copy Attachment to update e-mail and in folder - Contracts\Policies & Procedures\Procurement Procedures\Item 89 - procurement risks

06/05/14	Item 90: Suppliers database - Is this available on the intranet? If so could we be pointed to the link and if not can we obtain a copy? How is it maintained? Attachment to update e-mail
07/05/14	Item 96: Contracts - Procurement Imperative
07/05/14	Item 97: Listing of framework contracts Folder - Contracts\Contracts register\Item 97 Framework Contract Listing
07/05/14	Item 98: Link to list of local businesses (publically available) Attachment to e-mail refers re; item 90.
08/05/14	Item 106: Management agreement - I think we can access this from the website, so no action required.
08/05/14	Contracts - Management agreement - I think we can access this from the website, so no action required.
	Item 107: Suppliers listing from R2P - I am still confirming exactly what dates we would like to request, so if you could hold off on this for now. I hope to confirm tomorrow.
08/05/14	Item 108: Contracts - Declaration of interests - Could you send a copy of the template that is completed by staff please? Also, do you know if HR keep a register of these each year? Folder - Contracts\Policies & Procedures\Item 108 Declaration of Interests
12/05/14	Item 124: O&SC Annual reports (submitted to the full Council) Folder - Contracts\O&S Reports\Item 124 OSC Annual report
12/05/14	Item 125: Annual work programmes for the Scrutiny Panels. Folder - Contracts\O&S Reports\Item 125 OSC Annual programme
09/05/14	Item 120: Copies of the documents relating to the three contract examples walked through in the meeting relating to contracts over £25k Folder - Contracts\Item 120 Examples from Procurement Walk Through\Above Tollgate - DR4426 EIA Environmental Assessment

29/05/14	<p>Item 144:</p> <p>From the Agresso data provided, we have identified payments to Kisimul Group Ltd and Kedleston Schools. We understand that these entities are both education providers but they appear to be located outside the borough. Please can we have further details of these payments, including whether these are grant payments, the type and nature of these services, and the directorate that would have procured these services? In particular, we are interested in the geographic location of the grant/ work performed.</p>
29/05/14	<p>Item 145:</p> <p>From the Agresso data provided, we have identified payments to vendors who are listed as individuals rather than companies. There is over £4.6 million paid to around 15,000 individuals on a regular basis (on either a weekly, or more frequent basis). Could you explain the type and nature of these types of payments?</p>
04/04/14	<p>Item 21:</p> <p>A complete list of all contracts let by LBTH with a contract value of £10,000 or more, to include:</p> <ul style="list-style-type: none"> • Date of contract; • Nature of goods or services procured; • Full name and details of the contract counterparty/(ies); • Value of the contract; and • Any relevant reference numbers or unique identifiers that are part of the audit trail. <p>Folder: Contracts/ Contracts register</p>
06/05/14	<p>Item 91:</p> <p>THH- Contract strategy & award decisions are submitted quarterly to the Finance & Audit Committee, can we have a copies of these for our review period?</p>
06/05/14	<p>Item 92:</p> <p>THH- Can we have earlier versions of the contracts register? We have one dated April 2014.</p>
06/05/14	<p>Item 93:</p> <p>THH- Do separate forward plans for THH get submitted to Cabinet? If so, please can we have copies?</p>
06/05/14	<p>Item 94:</p> <p>THH- How are updates submitted to the Risk & Probity officer?</p>
14/05/14	<p>Item 134:</p> <p>Contracts - Reports or any related documents that result from the Cabinets review of forward plans</p>
29/05/14	<p>Item 146:</p> <p>From the Agresso data provided, as above we have identified payments to vendors who are listed as individuals rather than companies. There are a 6 unique one off payments to individuals just below £25k. Could you explain the type and nature of these payments?</p>

29/05/14	<p>Item 147: Further to the walkthroughs we performed with members of your team could we please request all procurement documentation (identification / need assessment, quotes, evaluation, approval, the people involved at each stage, etc.) for the following contracts. These contracts have been selected from the contracts listing you have provided us with. The main purpose of us gathering this information is so that we can understand the specific procurement process undertaken for these 8 contracts.</p>
06/06/14	<p>Item 163: Contracts - All 'Notification of Personal Interest' forms filed by each of the below Councillor's from the period running Oct 2010 - Present day. This should include any superseded forms and the most up to date forms held by the Council.</p> <ol style="list-style-type: none"> 1 Mayor Lutfur Rahman 2 Rania Khan 3 Maium Miah 4 A M Ohid Ahmed 5 Khales Uddin Ahmed 6 Shahed Ali 7 Aminur Rashid Khan 8 Harun Miah 9 Gulam Robbani 10 AbdalUllah 11 Alibor Choudhury 12 Rabina Khan 13 Rofique U Ahmed 14 Abdul Asad 15 Shafiqul Haque 16 Oliur Rahman 17 Sirajul Islam 18 Zenith Rahman 19 Rachael Saunders 20 Amy Whitelock Gibbs 21 Helal Uddin
13/06/14	<p>Item 167: Contracts - We have reviewed the supporting documentation for the contract award of ESCW (AHWB)4695. We note that only one tender was submitted but understand that at least 4 tenders should be invited and 3 received for a level 3 contract award. Please could you explain why the procurement procedures were not followed?</p>
13/06/14	<p>Item 168: Contracts - Please can you confirm that there aren't any examples of contracts within the three quotation bracket (under £25k) that we can walkthrough.</p>

13/06/14	<p>Item 169:</p> <p>Contracts - Further to request 97, we would like to confirm if the listing provided is ALL frame work contracts that are in place for all services and directorates? For example, we have seen 'CE/SC.05/2376147/London Borough of Croydon, Croydon Framework - Audit Contract' within the Agresso data. This may fall under one of the contracts you have listed in response to request 97, but we were hoping to obtain a listing of suppliers at organisation level that are on framework contracts.</p>
13/06/14	<p>Item 170:</p> <p>Contracts - Further to above, is it possible for an organisation to be on a framework and be awarded contracts outside of the framework?</p>
13/06/14	<p>Item 171:</p> <p>Contracts - Further to above is there any way to identify what payments / transactions are on a framework from the Agresso data we have?</p>
16/06/14	<p>Item 172:</p> <p>Contracts - Can we have a download of the local suppliers from the two websites provided in item 90? We are unable to access these on the website without a log-in.</p>
16/06/14	<p>Item 173:</p> <p>Contracts - The Cabinet meeting minutes provided on the shared drive for the 7 November 2012 do not appear complete. There are two confidential reports for consideration but only one is attached (item 16.1). Please can we have a copy of the report relating to The Learning Disabilities Day Opportunities (item 19.1).</p>
17/06/14	<p>Item 178:</p> <p>Contracts - Invoice 125639 / Arthur Mckay& Co: The value posted to the CLC cost centre is £12,543.60, we therefore understand that this is a level 2 contract. Please can you confirm whether this is correct and provide all supporting documentation for the tender process including: details of suppliers invited to quote; explanation of how these suppliers were selected; copies of the invitations to quote; quotations received; any documents relating to the evaluation of the quotes, and details of the contract award.</p>
18/06/14	<p>Item 180:</p> <p>Contracts - Contract AHWB4171 - As per the contracts listing this contract expired on 31 March 2013. The re-tender of this contract (AHWB 4396) is on the Cabinet Forward Plan (13 March 2013) but the re-tendered contract is not on the contracts list. Who is the current provider of this contract? Please can we have the all the documentation relating to the re-tender of this contract.</p>