



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 black ink that reads 'Will Kenyon'.

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 [redacted] 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 [redacted] 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. [redacted] 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:    	27/05/2014		Documentation remains outstanding.
153	Property disposals	Any files held by the third sector allocation team in relation to  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  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  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  payments (relating to advertising placed with  TV channels that were subsequently the subject of comment by Ofcom).	06/06/2014	20/06/2014	