



Temporary Accommodation Commission

PUBLIC REPORT

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INTRODUCTION

1. Members were informed that in the closing of accounts for years 2007/2008 there had been an approximate overspend of £6 million in the temporary accommodation budget¹. A management investigation was commissioned at the beginning of May 2008. The investigation produced a report which was taken to the Finance Scrutiny Sub-Committee of the council on 4 September 2008. At that time a further overspend of £7.5m was forecast in temporary accommodation in 2008/09 bringing the total projected overspend to approximately £13.5m over two years². The Finance Scrutiny Sub-Committee meeting resolved that there should be a commission formed to investigate the questions surrounding this overspend. The terms of reference of the commission can be found at Appendix 1. The members of the commission are Cllr Peter Robbins, Chair of Finance Scrutiny Sub-Committee, Cllr Irene Kimm and Cllr Peter Truesdale, Vice-Chairman of Finance Scrutiny Sub-Committee and Chair of the commission.
2. The commission decided that the question of the overspend needed to be investigated within a broader context than had happened in the management investigation which had taken place. The commission concluded that the best way of proceeding would be:
 - To look at the history of the overspend in the broader context of government policy about housing benefit subsidy for temporary accommodation;
 - To look at the questions raised by a number of audit reports which had been received in the autumn/winter of 2007; and
 - During the course of members' receipt of the findings of the management investigation a number of points were raised with regards to the risk of fraud in this area. The commission concluded that it should spend a separate meeting examining these matters.
3. The current report deals with our findings in the above three sections. The commission concluded that the best service that it could provide to fellow members of the council was to give them a clear account of what went on. Accordingly within this report the commission has not, except where it has unanimously agreed, made any observations.
4. The commission held three formal meetings at which it considered information previously requested from officers. A schedule of those meetings is attached at Appendix 2. Appendix 3 provides a timetable of events drawn from the information requested by the commission as well as a listing of the information received.
5. The commission would like to record its thanks for the very diligent way in which it has been assisted in its investigations by the Scrutiny Manager, Tom Barrett. The commission would further like to thank the senior officer servicing the commission,

¹ HH_EXEMPT_080710_Management Investigation Report – non-sanitised, p5, para 1.1.

² Management Investigation into Overspend: Temporary Accommodation, report to Finance Scrutiny Sub-Committee, 4 September 2008, paras 1.1 and 2.4. In reviewing this report for technical accuracy the Chief Executive noted that this overspend is being significantly reduced in-year. Forecast in December 2008 is £5.1m and with £2.5 m central contingency the final figure could be less than £10m over 2 years.

the Director of Legal & Democratic Services, Mark Hynes for his help and judicious advice throughout the process.

BUDGETING

The Historic Situation

6. Like many other councils Lambeth has in recent years made a budget surplus out of temporary accommodation provided for homeless households. This is in many ways the most important single fact for members to understand in seeking an explanation of how the authority came to be in a position where it has incurred serious overspends that seem likely to total something in the region of £11.65m over two years³. Lambeth has been able to make a budget surplus from temporary accommodation because the government has in the past set rental limits in excess of the actual costs which authorities incur in providing temporary accommodation. Therefore, if the authorities choose to set the rental charge to the households in temporary accommodation at the government limits they generate for themselves a significant budget surplus which is used to subsidise spending in other parts of the general fund.
7. This is perhaps most clearly set out at paragraph 2.6 of the management investigation⁴ (see table 1 below) where the officers conducting the investigation set out the figures for the year 2007/08. The rental income from the five property categories was budgeted at £36.2m; the direct costs, i.e. the rents that Lambeth paid to the landlords, was budgeted at £28m; the cost of administering the activity at £4m; and a net budget surplus of £4.1m was anticipated as follows:

Table 1

PSL BUDGET ELEMENTS:	2007-08
	£ m
Rental Income from five property categories	£36.2
Direct Cost of five property categories	(£28.1)
Staffing & Overheads	(£4.0)
Net Budget (anticipated surplus)	£4.1

8. Whether or not these were the correct figures is neither here nor there as far as the principle is concerned. The figures in the table are consistent in the nature of the arrangements that have existed over the last few years in relation to the private sector leasing budget. Effectively, therefore, the equivalent of 4% on the council tax was being generated by making a budget surplus from the temporary accommodation account. In our view, failure to grasp the importance of this to the council's finances and failure to address the impact of changes in government

³ This is the revised projected overspend in the temporary accommodation budget of £5.65m as set out in the most recent Finance Monitor (September 2008) available at the time of drafting added to the 2007/08 overspend. Please also see note 2 above from Chief Executive.

⁴ HH_EXEMPT_080710_Management Investigation Report – non-sanitised.

policy (which the commission will address in detail below) are the key to failings throughout the management of the temporary accommodation account.

The Budget for the Year 2007/08

9. The commission decided to begin its work by looking at how the budget for 2007/08 had been set. Of course this meant going back to the meetings of the star chamber of the council which occurred during the autumn of 2006. The logic of the budget for the year 2007/2008 is set out clearly on p148 of the *Regeneration and Housing Budget Proposals 2007-10 Submission to Star Chamber* dated 5 October 2006. It is important to look at exactly what members were told at this point. The proposal incorporated in that page says that “realistic budgets [are] now set”⁵. The commission has no reason to query this statement. The proposal also stated that the following work had been undertaken to justify the bid:
- “A revised budget model reflect current pressures within the budget and model future overspends
 - A number of strategic savings have been defined to improve the budget position
 - DMT has defined and reviewed the proposal has signed-off the revised budget model.
 - A Business Unit Managers’ away day was held with a representative of HR present, to walkthrough issues associated with redundancy (timing, pensions etc.)”⁶
10. The bid proposes a saving in the temporary accommodation area of £906,000. It explains that this will be achieved by “reduced use of temporary accommodation and smarter procurement”⁷. Further down the page it notes risks related to the proposal. The risks are that the
- “demand for temporary accommodation is essentially determined by the availability of settled accommodation. Housing has achieved year on year reductions for some time in this area, and it may be difficult to maintain this”⁸
11. This saving is fairly typical of the savings that the council had been making in this area over a number of years. Equally in preceding years in the star chamber papers where such a saving was proposed the directorate had made similar points. It was, therefore, by no means imprudent of the members to accept this saving and to expect that the saving could be made. However, as identified later on in this report, there came to be a fundamental change in the nature of the saving due to a government change of policy which was announced subsequent to members having considered this saving.

Changing Government Policy

⁵ A(i)_EXEMPT_2006 Star Chamber Proposals (5th October).

⁶ Ibid. p148.

⁷ Ibid.

⁸ Ibid.

12. The government, through the Department of Work and Pensions (DWP), decided that there should be a reduction in the amount of housing benefit that it was willing to pay out for households in temporary accommodation. On 1st November DWP issued a consultation paper to the local government associations proposing a 5% cut in the level of caps and thresholds. This is evidenced in a report to the London Councils Housing Forum meeting on 5 December 2006⁹. As well as seeking views on a 5% cut in thresholds and caps in 2007/08 in London, Appendix 1 of the London Councils report sets out that DWP wished to achieve from their consultation "acceptance that we will have to return to this area in 2008/09, with a view to making further subsidy reductions"¹⁰. Anyone being realistic about the future of caps and thresholds levels would have concluded from this that it was highly likely that there would be further cuts in 2008/09.
13. That the authority was aware of the changes proposed in early November 2006 is demonstrated by an internal departmental report titled *Housing Benefit Subsidy for Temporary Accommodation*. Although the date (as well as the author and who it was distributed to) of the report is not known it was clearly written in December 2006 or January 2007. The report sets out the following, the first paragraph of which is directly quoted from the London Councils Housing Forum covering report:
- "The Department for Works and Pensions (DWP) is now reviewing expenditure on temporary accommodation for homeless households. Expenditure on temporary accommodation 'non-Housing Revenue Account rent rebates' has shown a large increase since 2002/03. The growth, particularly over last year, was much higher than the (DWP) predicted.
- Subsequently we now understand that the DWP have agreed (pending Treasury approval) a 5 per cent cut in the level of the cap for private sector leased properties from April 2007, there is some speculation that the Treasury might push this to a higher % cut. They are proposing to return to this area in 2008/09, with a view to making further (as yet unspecified) subsidy reductions.
- In November 2006, the DWP published a consultation paper on housing benefit subsidy for temporary accommodation. The paper states that DWP might consider discretionary recoveries of subsidy"¹¹.
14. It would perhaps have been prudent to have taken steps at this stage to revise the budget projections in anticipation of the proposed DWP cut. However, the implications of the proposed cut do not appear to have been picked up or reported in the final star chamber submission on 8 December 2006 in which the proposal relating to the £906,000 saving in temporary accommodation is unaltered compared to that submitted at the previous meeting on 13 November 2006.

⁹ JJJ_061205_London Councils Housing Forum_HB Subsidy Cut consultation. This is the earliest indication we have found, though DWP's intentions may have been known prior to the beginning of this consultation, of the authority being notified of the likelihood of the 5% reduction in 2007/08.

¹⁰ Ibid. Appendix 1.

¹¹ I(ii)_HRE_HB Subsidy Reduction v3, p4-5.

15. Even a 5% cut in the year 2007/08 was taking away around £1.2m¹² of the council's income thereby significantly biting into the budget surplus that Lambeth made on the temporary accommodation account. A further reduction of 10% in the following year, which is speculated upon in the report quoted in paragraph 13 above, would all but wipe out the budget surplus completely. Therefore, what should have happened at this point is that strategic consideration should have been given to how the authority was going to deal with this matter. Had such consideration been given the commission believes that it would have been quickly recognised that the authority needed to make savings elsewhere in its budgets for future years beyond the scope that was currently being planned for in order to make the budgets balance. The commission has seen no evidence that this happened at this point nor has it found evidence that it happened at any point subsequently. The commission considers this to be the single biggest structural failure of the authority in the story that it has to tell¹³.
16. On 2nd February 2007 the DWP distributed HB/CTB Circular S1/2007 relating to *Non-Housing Revenue Account rent rebate subsidy thresholds and caps for 2007/09 – and early notification of possible changes for future years*. This formally announced that from April 2007 “the thresholds and caps for London authorities will be reduced by five percent compared to the 2006/07 levels”¹⁴. If not before, this formal announcement signifies **the point at which the overall budget should have been reviewed by the Authority**.
17. The consequences of the 5% reduction in subsidy had a significant financial impact because Lambeth had approved within the star chamber process a budget for 2007-08 for temporary accommodation which overestimated the level of income that it would actually receive. The commission confess that it is confused as to what the tactical response of the authority was on this question. The commission specifically asked the Housing and Regeneration Department what action had been taken following the 5% cut in subsidy and the answer it received was that “the cut in subsidy was fully reflected in the monitoring and forecasting. The control weakness was that the correct price was being used against too low volumes”¹⁵. The commission do not believe that this is a coherent response. The fact of the matter is that roughly £1.2m had been trimmed off the planned income by the government's decision and yet the commission can find no commensurate action by the Housing and Regeneration department to take this matter into account.
18. The commission specifically questioned the response set out in paragraph 17 above and sought clarification of it. The commission were then told that “the model used by the accountant did take into account the fact that standard subsidy per household had been reduced to the new level of £337.55p. The weakness was that incorrect volumes of households were being used to forecast the income,

¹² A(ii)_EXEMPT_070921_HRE_Draft Star Chamber Proposals 2008-11 for SLB, p24..

¹³ The committee received document [I(ii)_HRE_HB Subsidy Reduction V3] in the course of its investigations. Although this document was not dated, and its author and who it was distributed to remain unanswered questions, it was clearly written in late December 2006 or early January 2007. However, it identifies some of the impacts of the DWP cut but does not reference the overall impact on the budget or make any recommendations to ameliorate those effects.

¹⁴ III_070202_DWP_Non HRA rent rebate subsidy thresholds and caps 07-08

¹⁵ EE_081105_taking on board of 5 percent cut

not that the income per household was incorrect¹⁶. Again, this entirely misses the point that the government were reducing the amount of subsidy that they were willing to pay and therefore that the budget itself, if it had been done correctly in October, was now significantly deficient. This point seems not to have been taken on board. It is hard to understand how, when such a fundamental point was not integrated into the planning or the response of the department, members can have any confidence in its more detailed workings¹⁷.

Planning for the Year 2008/09

19. The star chamber proposals for the year 2008/09 were submitted in September 2007. On page 24 of Regeneration and Housing's draft proposals the department sets out its explanation of what is being proposed. It notes that

"The general fund Housing Services is supported by the difference between what we pay in rent for temporary accommodation and what we claim back from the Department of Work and Pensions by way of housing benefit for our clients.

In this current financial year we expect to claim back £36.2m against a spend of £34.2m. There is a cap on the amounts that can be reclaimed for different types of rent. We always claim at the maximum levels. This cap was reduced by 5% costing £1.2m in 2007/08. There is a real risk that this cap is reduced further for 2007/08 and future years"¹⁸

20. There are a number of comments that the commission would like to make about this. The commission do not fully understand how the costing of £1.2m for 2007/08 was arrived at. However, let us proceed on the assumption that that was the correct level. It is striking and odd that the document does not explain to members how the department was going about making that saving of £1.2m for 2007/08 in addition to the £906,000 saving accepted by members and put into the budget for 2007/08. Secondly it was known at this point that there was the likelihood of further reductions in the housing benefit cap for 2008/09¹⁹. While the document does not explain how the directorate had saved £1.2m to meet the reduced DWP cap in addition to the £906,000 it had proposed, nonetheless it went on to propose a further £900,000 saving.
21. On this basis it is difficult to see how the members were being presented with a proper proposal. Crucially, the star chamber proposal then goes on to say:

"A review has taken place of the homelessness budget. The effects of the DWP cap have been worked through. The improving performance management regime and the management

¹⁶ Ibid.

¹⁷ The authority's response to the cut is evidenced in an Officer Delegated Decision report (HHH(i)_070216_HRE_ODDR_reduction of charges in light of 5 percent reduction) approved on 21st February 2007 (HHH(ii)_070216_HRE_ODDR_approval of reduction of charges in light of 5 percent reduction) which notes the DWP cut but fails to highlight the strategic importance to the department.

¹⁸ A(ii)_EXEMPT_070921_HRE_Draft Star Chamber Proposals 2008-11 for SLB, p24.

¹⁹ See JJJ_061205_London Councils Housing Forum_HB Subsidy Cut consultation **and** I(ii)_HRE_HB Subsidy Reduction v3

of ratio of placements between bed and breakfast and leased places has meant that £900,000 can be offered up as a revenue saving”²⁰

22. The commission was surprised at this statement given the expectation that the housing benefit cap would be further reduced by the DWP in the year 2008/09. The commission did specifically raise the question of what was meant by ‘a review’ of the homelessness budget. The reply that the commission received was

“I think that this means that an officer at the time, looked at the budget and decided what [could be offered up]... I don’t think it means that there was a review by people who produced a document called ‘Findings of our Review’.”²¹

23. The commission are astounded by this reply. If it is correct it means that the members were being materially misled. No-one could read the paragraph beginning “A review has taken place” and not conclude that it was being based on a very thorough analysis of the effects of the DWP cap change. Indeed the suggestion that the improving performance regime would depend upon the management of the ratio between bed and breakfast and leased places suggests that it is a course of action that is based upon good and sound analysis of the figures. Yet the commission are being told in effect by the department that this was something which existed solely in the head of an officer. The commission is also of the view that the proposal should have been subject to earlier challenge by officers in Finance & Resources. This is especially the case given that the authority was in the middle of an undisguised round of cuts by the DWP. The commission was surprised that the full question regarding the subsidy does not appear to have been raised in the challenge process.

24. When the commission first looked at this it concluded that the proposal which had been made to members was reckless and the commission has turned up no evidence since which causes a change of mind. Indeed, the 2008/09 star chamber proposal goes on to make some further comments many of which might be taken by members to indicate that a properly worked out strategy did exist. Firstly, the document reiterates that the new net surplus on the account of about £4.8m “rested entirely on the current benefit rules and limits”²². The reader should be reminded that it was already evident from the DWP consultation in November 2006²³ that there would be a further cut in 2008/09 and that the impact had already been looked at by the department²⁴ but not brought to members’ attention. The proposal goes on to note that

“no management action can correct any effects from a major change to the benefits rules or limits. A reduction of the cap benefit limits by the DWP could not be covered by this budget and

²⁰ A(ii)_EXEMPT_070921_HRE_Draft Star Chamber Proposals 2008-11 for SLB, p24.

²¹ AA_081013_HRE_Clarification of meaning of ‘review of homelessness budget’

²² A(ii)_EXEMPT_070921_HRE_Draft Star Chamber Proposals 2008-11 for SLB, p24.

²³ JJJ_061205_London Councils Housing Forum_HB Subsidy Cut consultation

²⁴ I(ii)_HRE_HB Subsidy Reduction v3

should be regarded as a corporate problem as, say, the Western Riverside Waste Authority levy currently is”²⁵

25. In other words Housing and Regeneration seemed to be suggesting that the matter would have to be dealt with as a corporate problem and other departments make savings if the DWP inflicted further damage. The only sign of an effective strategy is the suggestion that a cost reduction strategy for the service was based on the reduction of the average rent paid. The paper outlined a number of methods by which this could take place. However, given the severity of the expected reduction in housing benefit subsidies for 2008-09 the commission believe that the proposal put forward by Housing and Regeneration, and presumably reviewed and cleared by Finance and Resources, was inadequate.
26. On 8th November 2007 DWP released Circular S5/2007 relating to *Non HRA rent rebate subsidy thresholds and caps 2008/09*. This formally announced that the “thresholds and caps for London authorities will be reduced by 10% compared to the 2007/08 levels”²⁶. Although the directorate had already estimated the impact of a 10% cut²⁷ it appears that no further action was taken.

JenkinsDuval Report January 2008

27. There is some evidence that Housing and Regeneration was thinking about how to reduce the costs of procuring temporary accommodation. Indeed in December 2007 the authority commissioned a report from JenkinsDuval evaluating future options for private sector leasing arrangements²⁸.
28. The commission noted a number of things from the JenkinsDuval report. Firstly, in paragraph 2.3 ‘Current Performance’ JenkinsDuval note that although a full performance audit is outside the scope of the report that they are making Lambeth’s staff had raised with them a number of issues that had given cause for concern, namely: that repairs are not being routinely re-charged back to landlords and large sums of money are now owed to the council; that some empty properties are taking several weeks to be brought back into use; and that there are concerns that occupancy checks are not taking place at least six times a year in accordance with the contract²⁹. These matters were also raised in the management investigation into the overspend³⁰. The report is also highly critical of the structure of the contract, which left the council bearing a high degree of financial risk, with landlords and managing agents bearing very little in comparison.
29. Nevertheless, as the commission has said, our belief is that the overriding issue to which all of this should have been subsidiary is the effects on the overall arrangement of temporary accommodation of the 10% cut in the housing benefit cap announced by the DWP in Circular S5/2007³¹. At the end of paragraph 2.2 JenkinsDuval consider the projected cost of the current arrangements for 2008/09

²⁵ A(ii)_EXEMPT_070921_HRE_Draft Star Chamber Proposals 2008-11 for SLB, p24.

²⁶ KKK_071112_DWP_Non HRA rent rebate subsidy thresholds and caps 08-09

²⁷ I(ii)_HRE_HB Subsidy Reduction v3

²⁸ II_EXEMPT_0801_Jenkins Duval_PSL Options

²⁹ Ibid.

³⁰ HH_EXEMPT_080710_Management Investigation Report – non-sanitised

³¹ KKK_071112_DWP_Non HRA rent rebate subsidy thresholds and caps 08-09

of the housing benefit cap, estimating that the current arrangements would put the authority into a deficit on this account of £3.357m (see table 2 below).

Table 2

	Total management costs for 500 properties	Total surplus after rents have been paid to landlords.	Total loss to the authority
2008/2009	-£5,668,000	£2,310.360	-£3,357,640

30. Given that the Authority was continuing to budget on the basis that a budget surplus of something like £4 million would be made from the account this should have acted as an immense wake up call to the department. The commission's firm view is that any officer seeing a projection of such a large deficit in 2008/09 should also have questioned whether or not in 2007/08 the authority was already running at a loss on this account. Though the JenkinsDuval report does not cite a specific figure with relation to the year 2007/08 it does give a very good indication that there was a serious problem. Indeed the report speaks most clearly about this in its final paragraph where it says that

“Lambeth needs to act quickly and decisively to address the current problems and using the open tender offers the quickest, safest and cheapest method of doing this. An early move to [a new contractor]... and negotiations to ensure that they resolve historic void issues at a very early stage would start to put the service back onto a break-even position before April 2008”³²

31. The implication of this is clear. JenkinsDuval were of the view when they conducted the exercise in December 2007 that the account was not in a break-even position but making a loss. This seems not to have been picked up on. The commission has seen no evidence that on the basis of this the Housing and Regeneration department notified Finance and Resources or the council corporately that the expected budget surplus of £4.8m would not be made and in fact that a loss was impending.

Commission's Comments on the JenkinsDuval Report

32. When the commission had read the JenkinsDuval report it was emboldened to ask three questions: who the report was commissioned by and why; who the report was distributed to; and what was done in terms of a management response³³. The commission notice that the response says that it was understood that the report was commissioned by the Business Unit and a senior officer in the Housing and Regeneration department. The commission find this a little strange since the management response to the KPMG Private Sector Leasing Scoping Exercise authored by another part of the Housing and Regeneration department³⁴ says “we will commission Lynn Duvall to provide strategic options for the ongoing management of the service”. It seems to us therefore that the statement that the

³² Ibid. p34.

³³ JJ_081029_HRE Questions arising from December JenkinsDuval report

³⁴ PP_081105_HRE_Response to Dec KPMG report

report was commissioned by the Business Unit and a senior officer in the department is at the very least incomplete.

33. In terms of who the report was distributed to the commission was told that the report went to the Business Unit and to a senior officer in the department. The commission was further told that it was discussed at the Departmental Leadership Team (DLT) on 23 January 2008 and discussed with the Cabinet Member for Housing on 25 January 2008. It is clear that the report was considered by them in terms of a long-term planning document as the commission was told that the DLT meeting considered the options and recommendations put forward by the Business Unit and a senior officer³⁵. It is not clear from the information that the commission has received whether or not the Cabinet Member at the time, Cllr Kazantzis, was actually shown the raw report at any point himself. He therefore of course would not have been in a position to take into account its full implications.
34. The commission was puzzled by the response that it received to the question of what was done in terms of a management response to the JenkinsDuval report. The first thing is that it says that the management response “was directly in relation to issues presented and the risk posed for the 2008/09 financial year”³⁶. Yet as the commission has pointed out, the last section of the report makes it absolutely clear that there are issues for the year 2007/08 which needed resolving. The commission has seen no evidence that these issues were addressed.
35. Secondly, in response to the question what was done in terms of a management response the commission are told that “central provision of £2.5m had already been made for subsidy loss in 2008/09”³⁷. This provision is explained at paragraph 8.9 (as part of the *Statement of the Executive Director of Finance & Resources pursuant to s25 of the Local Government Act 2003*) of the Revenue and Capital Budget 2008/09 to 2012/13 report to Full Council on 27th February 2008 as follows:

*“The cost of implementing the DWP cuts in rent rebate subsidy limitation. Estimates for this range from a minimum of £2m to a maximum of £3.6m. Members will see from the council tax model (appendix 8) that £2.5m has been allocated against this risk in 2008/09, and that a further £2.5m has been built into the expenditure forecasts for 2009/10. I therefore consider that this risk is adequately managed, and that the maximum possible exposure of £1.1m in 2008/09 should be viewed against the contingency budget.”*³⁸
36. The commission were informed that as a result of the enactment of the relevant legislation on rent rebate subsidy limitation this provision was drawn down in 2008/09. It is also the commission’s understanding that this is the “earmarked contingency” referred to in paragraph 3.1.3 of the Management Investigation. Despite the inference from that paragraph being that it refers to 2007/08 (because it refers to a 5% rather than 10% cut) the commission has found no contemporary

³⁵ JJ_081029_HRE Questions arising from December JenkinsDuval report

³⁶ Ibid.

³⁷ Ibid.

³⁸ Revenue and Capital Budget 2008/09 to 2012/13 report to Council on 27th February 2008

evidence of there being a specific contingency set-aside in the 2007/08 budget as a result of the DWP cut. In contrast, the paragraph quoted above as well as appendix 8 of the 2008/09 budget papers clearly set out a provision of £2.5m in 2008/09 and a further £2.5m in 2009/10³⁹.

37. Despite the making of the provision the commission cannot help but feel on the basis of the evidence before us that the officers involved missed the true significance of the JenkinsDuval report. The commission is of the view that having received the report's conclusion of a very significant deficit emerging in 2008/09 the response that the Directorate gave to it was inadequate. The commission wonders how any officer who had read the JenkinsDuval report could be surprised when at the end of the year it turned out that the account was in deficit.

Actions When the Overspend Came to Light

38. This part of the report focuses on the point at which the authority recognised that it had incurred a significant overspend on the temporary accommodation budget in the year 2007/08. This relates to April of that year. The first official response that the commission can find is encapsulated in a briefing note to senior officers dated 23 April 2008⁴⁰ summarising the out-turn position for temporary accommodation and providing an explanation as understood at that time. Subsequently, the Chief Executive was informed of the matter on 28 April and it would seem that Councillor Dickson, Cabinet Member for Finance and Resources, had been informed of the matter on or before 24 April⁴¹. The commission find that the briefing note produced to explain the out-turn is defective and particularly note the comments in paragraphs 2.1 to 2.4.
39. In paragraph 2.1 it is pointed out that "the forecast used during the second part of the financial year was based on a detailed exercise that took place in September"⁴². This matter has been considered more fully in the Management Investigation and the commission refer readers to the relevant sections of that investigation⁴³.
40. Paragraph 2.2 says that the "exercise was undertaken in the Finance Team and was shared with the business. This was not updated during the year to reflect actual expenditure"⁴⁴. While the commission consider this to be a significant failing by the Business Unit itself it is also a significant failing by the Finance Team. On what logic can one justify the proposition that it is not best practice to monitor actual expenditure throughout the year? The only question is how frequently the data needs to be updated and reviewed.

³⁹ In considering the draft of this report for technical accuracy the following comment was received from the Chief Executive: "the overall budget for 2007/08 included a general contingency of £3.125m. This was not reported on as explicitly as it was in 2008/09, so there is not the same level of documentary evidence as its precise purpose. However, given the context at the time it clearly would have included consideration of the DWP issue, along with concerns such as Asylum seekers, risks around eligibility criteria and many other budgets pressures".

⁴⁰ W_EXEMPT_080423_HRE_Briefing Note on overspend to Lead Members

⁴¹ D(iii)_080929_CE_Records of e-mail with EDHRE and EDFR

⁴² W_EXEMPT_080423_HRE_Briefing Note on overspend to Lead Members, para 2.1.

⁴³ HH_EXEMPT_080710_Management Investigation – non-sanitised, para 3.3.2 – 3.3.8

⁴⁴ W_EXEMPT_080423_HRE_Briefing Note on overspend to Lead Members, para 2.2.

41. With regards to 2.3 it says that “this area was not considered to be a budget at risk” and goes on to say that it “had historically underspent”. This is true. It says that “there had been a detailed forecast”. The commission do not necessarily agree that there had been a sufficiently adequate detailed forecast. It says that “the monitor understated the expected underspend to provide comfort”. That may be true. It says that “KPMG’s investigation suggested we had a strong case to recover money from contractors”. The commission will address this point further below. It also says that the recovered money was not included in the monitor⁴⁵.
42. However, the commission cannot accept in light of what the JenkinsDuval report had to say in January 2008 that at any point after that report had been received that it was acceptable for officers to say that this was not a budget that was at risk. Had there been a more detailed exercise using real-time data to trace what the level of overspend was in 2007-08 that might have been sufficient to justify the conclusion that the budget was not at risk. But to be told that the budget is going to overspend by £3.3m in the following year and to be told effectively that the budget was not even in balance in the current year and then not to take detailed action was negligent. The commission therefore cannot understand why this budget was not considered a priority for senior review in the same way as other key elements in the HRA or other overspending budgets in the general fund.
43. However, the management investigation was then commissioned. The investigation had its terms of reference finalised on 9 May 2008 and was originally projected to report on 13 June 2008 in fact reporting on 14 July 2008. Key findings within the management investigation report are set out below:-
- “3.2.1 No evidence to suggest that the performance and statistic information available was meaningfully joined up or evaluated in order to be integrated into the monthly budget planning and monitoring process.
- 3.2.3: There was no evidence to suggest that the client mix information was used to undertake a trend analysis to assist in the budget monitoring or budget planning.
- 3.3.1: Fundamental changes in the service environment were not reflected in monthly end year budget monitor reports”⁴⁶
44. The commission consider these statements to amount to an indictment of the way in which the Business Unit was being run.
45. The commission has drawn the following conclusions from what it has learnt in relation to the management of the temporary accommodation budget in the build-up to the discovery of the overspend:
- I. The commission is of the view that the situation Lambeth has found itself in is unique to this authority as unlike the other London boroughs, it has failed to take the necessary budgetary steps to reflect the reduction in rent subsidies imposed by the DWP.**

⁴⁵ Ibid, para 2.3.

⁴⁶ HH_EXEMPT_080710_Management Investigation – non-sanitised

- II. **The commission do not accept that it should have been a surprise to officers that the temporary accommodation budget was in deficit in April 2008. It is a failing of the management investigation that the question of whether or not it was credible to imply that the deficit was not foreseeable received scant and inadequate coverage.**
- III. **The commission is of the view that that the Regeneration and Housing Department's *Housing Service Strategy and Service Improvement savings submission to star chamber for 2008/09*, where it related to temporary accommodation, was reckless.**

AUDITS

- 46. The commission are of the opinion that when the council receives an audit report about its services which suggest that they are defective or that there are changes which should be made to the services which would improve their robustness, that the council ought to act positively by both endorsing and then implementing any such recommendations.
- 47. The commission wish to touch briefly upon the audit report from PricewaterhouseCoopers on budgetary control within the private sector leasing business unit⁴⁷. The audit made five medium priority recommendations and gave moderate assurance to the Unit. Nonetheless, the commission note in particular that the report highlighted further work being undertaken by KPMG in relation to landlord and tenant re-charges
- 48. This therefore brings us naturally on to the KPMG Private Sector Leasing (PSL) - Scoping Exercise⁴⁸. The report identified significant deficiencies in the service's systems and operations and as a result eleven recommendations were made. These were discussed with the management of Regeneration and Housing and as a result all were accepted by the department and a deadline date was set for their completion.
- 49. Of the eleven recommendations made it was agreed that nine would be completed by the end of December 2007⁴⁹. This indicates the seriousness of some of the recommendations. Indeed the first two recommendations were given the highest, priority one, status by KPMG. KPMG define a priority one recommendation as follows:

“Recommendations made to strengthen a procedure that we consider is fundamental to Lambeth's system of internal control. We believe that the matters observed might cause a business objective not to be met or leave a risk unmitigated and need [*sic*] to be addressed as a matter of urgency”⁵⁰

⁴⁷ J_EXEMPT_071205_PwC_COR11 BU budgetary control_Final

⁴⁸ F_EXEMPT_071101_KPMG_PSL Scoping Exercise

⁴⁹ PP_081105_HRE_Response to Dec KPMG report

⁵⁰ VV_EXEMPT_081020_KPMG_Final PSL Follow up, p7

50. It was a matter of considerable surprise to the commission to find that when KPMG returned to assess progress in September 2008 that the greater part of the recommendations made had not been effectively addressed. Indeed in the conclusions of their follow-up report, issued after discussion with officers on 20 October 2008, KPMG comment on each of the eleven recommendations separately. In four cases they open their comment by saying “We consider that this recommendation has not been addressed”⁵¹. Most worryingly they open their comments on recommendations one and two, both of which were priority one, with this statement.
51. In the case of recommendation one they remark “We consider our recommendation and the underlying risk has not been effectively addressed. We consider the practice of ... [contractors] completing work specifications without an effective audit exposes Lambeth to the risk that unnecessary or non-existent work is being completed or charged”⁵². This refers to an operational decision made during the course of 2008 to work with a contractor particularly to bring void properties back into use. Within the contractor’s remit was to perform work specification for zero rated work orders for necessary works up to the value of £1,000 in order to raise the property to decent home standards. This seems to be an extraordinary decision given the problems that Lambeth has had historically by following this practice, not least with its own former direct works organisation.
52. With regard to the second recommendation KPMG comment “We consider our recommendation and the underlying risk has not been effectively addressed. We consider the practice whereby a contractor completes post-inspection of their own work without Lambeth reconciling work ordered and codes used exposes Lambeth to additional risk that unnecessary or non-existent work is being completed or charged”⁵³. The commission find these statements to be truthful but nonetheless astonishing.
53. Receiving the report from KPMG led us to question how it had been decided to award the work to the contractor. The commission therefore asked for a copy of the Officer Delegated Decision that enabled the contractor to sign-off the work specifications in the way that they were doing in order to identify who had approved the procedure and on what grounds. The commission were told that “There was no need for an officer delegated decision... because the value of the works proposed did not reach the threshold for such a decision”⁵⁴. Nonetheless the commission still find the decision that was made extraordinary given the previous history of the authority and the fact that KPMG had made recommendations in the previous year that had effectively not been implemented.

Key Questions About Audit

54. Given the seriousness of the flaws found in the system the commission would have expected the audit recommendations to have been given far higher priority than was the case. The commission asked officers why they were not implemented and it was not satisfied with the replies that it received. In the first

⁵¹ Ibid. p8-10

⁵² Ibid. p8

⁵³ Ibid. p9

⁵⁴ QQ_081105_HRE_contractor signing off work specs ODD,

instance the commission note that many of the recommendations were made the responsibility of one particular officer⁵⁵. The commission has received no satisfactory explanation as to why the officer was not expected to report to senior management within the department on the progress that was being made with implementation⁵⁶. The commission believe that the nature of the risks identified by the audit were sufficiently great that notwithstanding the other difficulties the department was facing this should have been monitored.

55. Secondly the commission find it extraordinary that when the officer left the employment of the Authority that no-one questioned what progress had been made on these matters. Of course, it is true to say that not all of the recommendations were for that particular officer. Indeed, for instance, recommendation 9 was not. On this recommendation at least there was some action, KPMG were informed by Lambeth that the relevant recommendation had been "considered and a decision taken not to pursue this course of action"⁵⁷. KPMG considered that this had effectively served to implement their recommendation.
56. The key question to be answered in the opinion of the commission is whether or not there is some systemic flaw in the way in which audit recommendations are treated. The commission took evidence about this matter and were surprised that aside from monitoring the audit tracker, Internal Audit did not have a role in monitoring the implementation of recommendations⁵⁸. It was understood that because this matter had arisen as a result of a specially commissioned scoping exercise and was not part of the regular audit programme it had not been put on the tracker and therefore this had allowed it to sink below the horizon. The commission do not accept that this can be an acceptable practice for the authority when such serious matters are being dealt with in this way and therefore one of our recommendations specifically addresses this issue.
57. The commission have drawn the following conclusions from the information it has received relating to the audit reports received and how they were handled:

IV. The commission is of the view that the failure to action all the recommendations arising from the 2007 KPMG PSL Scoping Exercise was unacceptable. Furthermore, the commission considers it extraordinary that following the departure of an officer the failure to action all the recommendations arising from the scoping exercise were not picked up.

V. The commission are of the view that there has been a failing in the tracking of audit recommendations and that, for the assurance of members, there should be a management process in place to ensure the implementation of audit recommendations.

⁵⁵ PP_081105_HRE_Response to Dec KPMG report

⁵⁶ RR_081105_HRE_Steps by HRE to ensure audit recs implemented *and also* SS_081105_HRE_Questions arising from Sept KPMG follow up

⁵⁷ Ibid.

⁵⁸ Minutes of TA Commission, 5th November 2008, minute no. 20.

POTENTIAL FOR FRAUD

58. The KPMG report given to the authority in November 2007 quite specifically considers the issue of whether fraud existed and suggested that further work be undertaken to establish whether or not this was the case.
59. This was not to have been pursued. The commission cannot readily understand why this was not pursued and given that the question of potential fraud had been raised in such an acute way by KPMG are somewhat surprised that the terms of reference for the officer enquiry once the overspend was discovered did not actually refer to the question of potential fraud⁵⁹.

Consideration of Fraud

60. The commission had decided to examine the question of fraud anyway and sought evidence from Mr Jim Gee of KPMG a former employee of the council and a leading expert on fraud. The minutes of that session note that the commission were informed “that the first standard in relation to investigating fraud was to have at least one substantive piece of evidence that fraud had taken place”. It was further noted that “it was difficult to prove fraud in this area as the processes and systems were so weak that there wasn’t the information to determine fraud”⁶⁰.
61. In addition, Councillor Lumsden had indicated at the Finance Scrutiny Sub-Committee meeting on 4 September 2008 that he had a number of concerns about potential fraud. He had outlined some of these to the meeting and as a result it was suggested by Councillor Hipwell that it would be a good idea for Councillor Lumsden to give evidence to our commission. This was endorsed by the other members of the commission. Councillor Lumsden attended the commission’s meeting on 5 November 2008 and presented a bundle of evidence⁶¹. In particular the commission noted that he had concerns about potentially non-existent properties.
62. The commission also undertook a number of exercises to try to identify substantive evidence of whether or not fraud could have been taking place in relation to the high number of temporary accommodation voids.
63. The commission passed this information to the council’s Internal Audit and Corporate Anti Fraud Services team for further investigation and received an interim report at its meeting on 18th November 2008.
64. The commission has accordingly drawn the following conclusion:

VI. With regard to the possibility of fraud the commission note that the Internal Audit and Corporate Anti Fraud Services team’s work is not complete.

⁵⁹ *Management Investigation into Overspend: Temporary Accommodation – HRE Department report, Finance Scrutiny Sub-Committee, 4th September 2008 – Appendix 1*

⁶⁰ Minutes of TA Commission, 5th November 2008, minute no. 20.

⁶¹ CCC_EXEMPT_081105_Cllr Lumsden_Evidence submission

CONCLUSIONS

65. The conclusions drawn by the commission in the course of its work can be found below:-
1. The commission is of the view that the situation Lambeth has found itself in is unique to this authority as unlike the other London boroughs, it has failed to take the necessary budgetary steps to reflect the reduction in rent subsidies imposed by the DWP.
 2. The commission do not accept that it should have been a surprise to officers that the temporary accommodation budget was in deficit in April 2008. It is a failing of the management investigation that the question of whether or not it was credible to imply that the deficit was not foreseeable received scant and inadequate coverage.
 3. The commission is of the view that that the Regeneration and Housing Department's *Housing Service Strategy and Service Improvement savings* submission to star chamber for 2008/09, where it related to temporary accommodation, was reckless.
 4. The commission is of the view that the failure to action all the recommendations arising from the 2007 KPMG PSL Scoping Exercise was unacceptable. Furthermore, the commission considers it extraordinary that following the departure of an officer the failure to action all the recommendations arising from the scoping exercise were not picked up.
 5. The commission are of the view that there has been a failing in the tracking of audit recommendations and that, for the assurance of members, there should be a management process in place to ensure the implementation of audit recommendations.
 6. With regard to the possibility of fraud the commission note that the Internal Audit and Corporate Anti Fraud Services team's work is not complete.

RECOMMENDATIONS

66. The commission make the following recommendations arising from the information received and conclusions it has drawn in the course of its investigations. Where appropriate target dates for the completion of the recommendations have also been listed:-

1. **That the Chief Executive instigate a management investigation of those officers that had failed to pick up the DWP reduction in caps and thresholds and that had failed to realise the impact of this on the temporary accommodation budget until April 2008.**

[see conclusions 1 and 2]

2. **That the Chief Executive present to Cabinet and Finance Scrutiny Sub-Committee a review of the rules and guidelines relating to the information presented to members in the budget challenge process, and the process by which that information is presented to members, to enable members to have greater confidence in the process. Such a review should particularly take account of the relationship between financial information and operational information.**

[target dates: 24 March 2009 – Finance Scrutiny
First meeting of 2009/10 - Cabinet]

[see conclusion 3]

3. **That the Chief Executive consider what action is necessary in light of the failure of the Regeneration and Housing department's failure to respond to and implement the recommendations of the KPMG Private Sector Leasing Scoping Exercise.**

[see conclusion 4]

4. **That Corporate Committee be presented with a report to each of its future meetings setting out any extant audits and any reports commissioned from external auditors flagging particularly:**
 - (i) **Where recommendations have been provided but the response time from the department is outside of the 35-day limit;**
 - (ii) **Any recommendation that is past its due date that has not been closed down by the committee.**

[target dates: all subsequent Corporate
Committee meetings]

[see conclusion 5]

5. **That assurance be provided through a report to the Housing Scrutiny Sub-Committee that those recommendations not picked up in the KPMG Private Sector Leasing Scoping Exercise have been implemented.**

[target date: 26 March 2009 – Housing Scrutiny]

[see conclusions 4 and 7]

6. **That the Chief Executive provide a report to Finance Scrutiny Sub-Committee setting out the decisions that led to the authority**

accumulating such a large stock of temporary accommodation and setting out the lessons learnt from that experience.

[target date: 24 March 2009 – Finance Scrutiny]

7. **That in light of the findings of the commission a report be presented to Corporate Committee reviewing the current processes which would result in matters being included in the council's risk register.**
[target date: first Corporate Committee of 2009/10]
8. **That the matter of the possibility of fraud within Private Sector Leasing be pursued and a fully conclusive report on the matter be brought to Corporate Committee.**
[target date: first Corporate Committee of 2009/10]
[see conclusion 6]
9. **That the Chief Executive considers suspending the arrangements by which contractors are completing work specifications and a report brought to Corporate Committee and Housing Scrutiny Sub-Committee on the minimum controls that should be in place in relation to signing-off repairs.**
[target date: January 2009
26 March 2009 – Housing Scrutiny
First Corporate Committee of 2009/10]
10. **That the Chief Executive report to the final Cabinet and final Finance Scrutiny Sub-Committee of 2008-09 on progress against the commission's recommendations.**
[target date: 24 March 2009 – Finance Scrutiny
23 March 2009 – Cabinet]

Terms of Reference

- To gain an understanding of the chronology and appraise the financial and management processes undertaken/not undertaken within the Regeneration and Housing Department from the point at which the 2007-08 budget proposals were brought forward to the overspend becoming apparent;
- To appraise the financial and management control mechanisms in place within the R&H department and their adequacy;
- To conduct a reconciliation exercise of purported against actual void leased properties;
- To make recommendations to the cabinet based on the information received;
- To reserve the right to add to these terms of reference in light of the information made available during the commission.

Schedule of the commission's formal meetings

Date	Attendees	Also in attendance	Items considered
2 October 2008	Cllrs Truesdale, Kimm and Robbins.	Mark Hynes and Tom Barrett (Legal and Democratic Services)	<ol style="list-style-type: none"> 1. Election of Chair 2. Terms of Reference and aims of the commission 3. Notification of the commission's work to other members 4. Exclusion of the press and public 5. Consideration of documentation received 6. Concluding points 7. Next meeting details
17 October 2008	Cllrs Truesdale (Chair), Kimm and Robbins	Cllrs Clyne and Marchant Tom Barrett (Legal and Democratic Services)	<ol style="list-style-type: none"> 8. Apologies 9. Declarations of Interest 10. Exclusion of the press and public 11. Minutes of the last meeting 12. Consideration of information received since the commission's last meeting 13. Consideration of relevant audit reports, outcomes and actions arising from them 14. Next meeting of the commission 15. Concluding comments
5 November 2008	Cllrs Truesdale (Chair), Kimm and Robbins	Cllrs Clyne, Lumsden, Marchant and Sawdon. Officers from Internal Audit. Representatives of KPMG. Mark Hynes and Tom Barrett (Legal and Democratic Services)	<ol style="list-style-type: none"> 16. Apologies 17. Declarations of Interest 18. Exclusion of the Press and Public 19. Outline of the commission's approach 20. Interview with Internal Audit and representatives of KPMG 21. Interview with Cllr Lumsden 22. Minutes of, and information received since, the last meeting 23. Further work in order to report by Christmas and any additional work that may need to be instigated.

APPENDIX 3

Document/Information Chronology

Log No	Date	Date information received	Exempt?	Document/Request	Information	Author	Provided by
I(i)	12/02/06			DWP Letter to CEs		DWP	HRE
A(i)	08/06/06		Y	Housing Dummy Star Chamber submission		HRE	HRE
B(i)	11/07/06		Y	Housing Star Chamber minutes		HRE	HRE
A(i)	05/10/06		Y	Housing Submission to Star Chamber	1st mention of £906k saving	HRE	HRE
JJJ	05/11/06			DWP consultation on 5% reduction		DWP	
A(i)	13/11/06		Y	Housing Submission to Star Chamber (follow-up)		HRE	HRE
JJJ	05/12/06			London Councils Housing Forum - HB Subsidy cut consultation		London Councils	
A(i)	08/12/06		Y	Housing Submission to Star Chamber (follow-up)		HRE	HRE
III	02/02/07			DWP Circular - Non HRA rent rebate subsidy thresholds and caps 2007-08.		DWP	DWP
HHH(i)	16/02/07			ODDR reduction in charges by 5% from April 2007		HRE	HRE
HHH(ii)	21/02/07			Finance approval of ODDR reduction in charges by 5% from April 2007		HRE	HRE
C(i)	27/02/07			DLT January 07 Budget Monitor		HRE	HRE
C(i)	27/02/07			DLT January 07 Performance Digest		HRE	HRE
C(i)	28/03/07			DLT February 07 Performance Digest Covering Report		HRE	HRE
C(ii)	28/03/07		Y	HRE DLT Minute Extract		HRE	HRE
C(i)	25/04/07			DLT March 07 Performance Digest Covering Report		HRE	HRE
C(i)	25/04/07			March 07 Performance Digest		HRE	HRE
C(ii)	25/04/07		Y	HRE DLT Minute Extract		HRE	HRE
C(i)	23/05/07			DLT May 07 Finance Monitor		HRE	HRE
C(i)	23/05/07			DLT April 07 Performance Digest Covering Report		HRE	HRE
C(i)	23/05/07			April 07 Performance Digest		HRE	HRE
C(ii)	23/05/07		Y	HRE DLT Minute Extract		HRE	HRE
C(i)	27/06/07			DLT May 07 Performance Digest Covering Report		HRE	HRE
C(i)	27/06/07			May 07 Performance Digest		HRE	HRE
C(ii)	27/06/07		Y	HRE DLT Minute Extract		HRE	HRE
B(ii)	09/07/07		Y	Cabinet/SLB Notes from Service & Financial Planning		HRE	HRE
C(ii)	11/07/07		Y	HRE DLT Minute Extract		HRE	HRE
C(i)	25/07/07			DLT June 07 Finance Monitor		HRE	HRE
C(i)	25/07/07		Y	DLT June 07 Performance Digest Covering Report		HRE	HRE
C(i)	25/07/07			June 07 Performance Digest		HRE	HRE
C(ii)	25/07/07		Y	HRE DLT Minute Extract		HRE	HRE

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Log No	Date	Date information received	Exempt?	Document/Request	Information	Author	Provided by
Q(ii)	01/09/07			Supply & Demand Mid-year report		HRE	HRE
C(i)	05/09/07			DLT July 07 Finance Monitor		HRE	HRE
C(i)	05/09/07			DLT July 07 Performance Digest Covering Report		HRE	HRE
C(i)	05/09/07			July 07 Performance Digest		HRE	HRE
C(ii)	05/09/07		Y	HRE DLT Minute Extract		HRE	HRE
A(ii)	21/09/07		Y	Draft Star Chamber Proposals 2008-11(to 25/9/07 DLT)		HRE	HRE
C(i)	25/09/07			DLT August 07 Finance Monitor		HRE	HRE
C(i)	25/09/07		Y	Draft Star Chamber Proposals 2008-11(see also A(ii))		HRE	HRE
C(i)	25/09/07		Y	DLT August 07 Performance Digest Covering Report		HRE	HRE
C(i)	25/09/07			August 07 Performance Digest		HRE	HRE
C(ii)	26/09/07		Y	HRE DLT Minute Extract		HRE	HRE
C(i)	24/10/07		Y	DLT September 07 Performance Digest Covering Report		HRE	HRE
C(i)	24/10/07			September 07 Performance Digest		HRE	HRE
C(i)	24/10/07			DLT September 07 Finance Monitor		HRE	HRE
C(ii)	24/10/07		Y	HRE DLT Minute Extract		HRE	HRE
F	01/11/07			KPMG PSL Scoping Exercise		KPMG/IA	IA
I(iii)	08/11/07			E-mail notifying of HB Subsidy reduction		F&R	HRE
I(iii)	08/11/07			Housing Benefit and Council Tax Benefit Circular s5/2007 - rent rebate subsidy thresholds and caps 08/09		DWP	HRE
M	08/11/07			Who was the communication sent to in LBL? Who did they forward the communication to?	Circular received in Housing Benefits in November 2007 - passed to accountants on 8 November 2007. [see document I(iii)]	DWP	HRE
KKK	12/11/07			DWP Circular s5/2007 Non HRA rent rebate subsidy thresholds and caps 2008-09.			
C(i)	28/11/07			DLT October 07 Finance Monitor		HRE	HRE
C(i)	28/11/07		Y	DLT October 07 Performance Digest Covering Report		HRE	HRE
C(i)	28/11/07			October 07 Performance Digest		HRE	HRE
C(ii)	28/11/07		Y	HRE DLT Minute Extract		HRE	HRE
PP	30/11/07		Y	HRE response to KPMG Scoping Exercise		HRE	HRE
J	05/12/07		Y	PWC HRE Budgetary Control Internal Audit Report		PWC/IA	IA
II	01/01/08		Y	JenkinsDuval - Evaluation of Options for future PSL arrangements in Lambeth		JD	HRE
C(iii)	23/01/08		Y	DLT December 07 Performance Digest Covering Report		HRE	HRE
C(iii)	23/01/08			December 07 Performance Digest		HRE	HRE

APPENDIX 3

Log No	Date	Date information received	Exempt?	Document/Request	Information	Author	Provided by
C(iii)	23/01/08			DLT December 07 Finance Monitor		HRE	HRE
C(iii)	27/02/08			DLT January 08 Finance Monitor		HRE	HRE
C(iii)	27/02/08		Y	DLT January 08 Performance Digest Covering Report		HRE	HRE
C(iii)	27/02/08			January 08 Performance Digest		HRE	HRE
C(iv)	27/02/08		Y	HRE DLT Minute Extract		HRE	HRE
C(iii)	26/03/08		Y	DLT February 08 Performance Digest Covering Report		HRE	HRE
C(iii)	26/03/08			February 08 Performance Digest		HRE	HRE
C(iv)	26/03/08		Y	HRE DLT Minute Extract		HRE	HRE
C(iv)	09/04/08		Y	HRE DLT Minute Extract		HRE	HRE
E	18/04/08				Overspend comes to light	HRE	HRE
D(iii)	23/04/08		Y	Cabinet Member Briefing Note - Update on TA		HRE/F&R	CE
W	23/04/08				Briefing note to Cabinet Members on overspend	HRE	HRE
D(iii)	24/04/08		Y	Briefing note and mtg with CM Finance		F&R	CE
D(iii)	28/04/08		Y	E-mail providing copy of Cabinet Member briefing note		F&R	CE
E	08/05/08				Chair/Vice-Chair FSSC informed of overspend	F&R	Scrutiny
	09/05/08				Management Investigation ToR issued		
QQ	12/05/08			Contractor authorised to sign off reports		HRE	HRE
C(iv)	14/05/08		Y	HRE DLT Minute Extract		HRE	HRE
D(ii)	20/05/08			SLB Provisional Outturn Covering Report and Appendix		F&R	Dem Serv
D(ii)	20/05/08		Y	SLB Minute extract (provisional outturn item)		Dem Serv	Dem Serv
	22/05/08				Management Investigation fieldwork commenced		
CC	16/06/08		Y	JenkinsDuval - Profiling Future TA Use		JD	HRE
C(iii)	25/06/08		Y	DLT May 08 Performance Digest Covering Report		HRE	HRE
C(iii)	25/06/08			May 08 Performance Digest		HRE	HRE
C(iv)	25/06/08		Y	HRE DLT Minute Extract		HRE	HRE
	30/06/08				Management Investigation report drafted		
	07/07/08				Management Investigation draft response from management		
D(ii)	08/07/08		Y	SLB Minute extract (July Finance Review item)		Dem Serv	Dem Serv
C(iv)	09/07/08		Y	HRE DLT Minute Extract		HRE	HRE
HH	14/07/08				Management Investigation final report		

APPENDIX 3

Log No	Date	Date information received	Exempt?	Document/Request	Information	Author	Provided by
D(ii)	15/07/08		Y	SLB Minute extract (May Finance Monitor item)		Dem Serv	Dem Serv
C(iii)	23/07/08			DLT June 08 Finance Monitor		HRE	HRE
C(iv)	23/07/08		Y	HRE DLT Minute Extract		HRE	HRE
D(ii)	12/08/08		Y	SLB Inquiry into TA Overspend Covering Report and Appendix		F&R	Dem Serv
D(ii)	12/08/08		Y	SLB Minute extract (Inquiry into TA Overspend item)		Dem Serv	Dem Serv
C(iv)	13/08/08		Y	HRE DLT Minute Extract		HRE	HRE
C(iii)	27/08/08			DLT July 08 Finance Monitor		HRE	HRE
C(iii)	27/08/08		Y	DLT July 08 Performance Digest Covering Report		HRE	HRE
C(iii)	27/08/08			July 08 Performance Digest		HRE	HRE
C(iv)	27/08/08		Y	HRE DLT Minute Extract		HRE	HRE
V	27/08/08			Supply & Demand Annual Report 2007-08		HRE	HRE
D(ii)	02/09/08			SLB Minute extract (June Finance Monitor item)		Dem Serv	Dem Serv
U	03/09/08		Y	Draft KPMG PSL Follow-up review		KPMG/IA	IA
	04/09/08				Finance Scrutiny Meeting incl. TA Management Investigation report		
C(iv)	10/09/08		Y	HRE DLT Minute Extract		HRE	Scrutiny
D(ii)	16/09/08		Y	SLB TA Action Plan Report		HRE	HRE
D(ii)	16/09/08		Y	SLB Minute extract (TA Action Plan item)		F&R	Dem Serv
T	19/09/08		Y	PwC B&B Payments Review		Dem Serv	Dem Serv
C(iii)	24/09/08			DLT August 08 Finance Monitor		PwC/IA	IA
C(iii)	24/09/08		Y	DLT August 08 Performance Digest Covering Report		HRE	HRE
C(iv)	24/09/08		Y	HRE DLT Minute Extract		HRE	HRE
VV	20/10/08		Y	KPMG PSL Follow-up review		HRE	HRE
BBB	21/10/08		Y	PwC Management Investigation follow-up		PwC	IA
YY	04/11/08			TA Voids at 4th November		HRE	HRE
CCC	05/11/08		Y	Cllr Lumsden's evidence submission		AL	AL
LLL	05/11/08		Y	Internal Audit presentation to commission			
MMM	18/11/08	18/11/08	Y	IA briefing on occupation of voids investigation		IA	IA
K		26/09/08		Why it was normal for TA to be predicting large overspends (as reported to FSSC referencing monthly budget monitoring returns) due to irregular large incomings/outgoings related to housing benefit. Could this acknowledged problem have inadvertently masked signs of an actual overspend?			HRE

APPENDIX 3

Log No	Date	Date information received	Exempt?	Document/Request	Information	Author	Provided by
L		26/09/08		How did the overspend become apparent and to whom did it first become apparent?	[see document E]		HRE
P		26/09/08		Evidence to demonstrate whether or not Senior Management considered conducting a review of the number of homeless presentations and the number of households to whom LBL accepted that it had an obligation along with the pan-London trends and/or whether these were discussed with the Cabinet Member.		HRE	HRE
Q(i)		26/09/08		Details of those to whom the September 2007 Mid-Year Budget Report was circulated.	Circulation list and copy of Mid-Year report received	HRE	HRE
R		26/09/08		When were the Internal Audit Review findings presented to Housing Management and how long did it take for a formal response to be provided?	[See document R]	HRE	HRE
S		26/09/08		Update to be provided on the implementation of the action plan arising from the Internal Audit Review.		HRE	HRE
D(iii)		29/09/08	Y	Copies of communications between senior officers	[See e-mails of 24 and 28 April]		CE
X		07/10/08		List of documentation provided to IA by HRE for Mgmt Investig.			
AA		13/10/08		Clarification of meaning of 'review of homelessness budget'		HRE	HRE
O		13/10/08		Who in the council set aside contingencies		F&R	F&R
FF		16/10/08		Basis of £900k saving		HRE	HRE
GG		24/10/08	Y	FSB minutes April 2008 onwards			
JJ		29/10/08		Questions arising from December JD report		HRE	HRE
AAA		05/11/08	Y	TA overspend group action plans		HRE	HRE
EE		05/11/08		Actions taking on board 5% cut		HRE	HRE
G		05/11/08		Non-existence of an ODD relating to adoption of long-term rental model		HRE	HRE
MM		05/11/08		Member briefing on subsidy cut in 2007?			
N		05/11/08		Rationale behind 5.95% increase in budget		HRE	HRE
NN		05/11/08		Project closure report			
RR		05/11/08		Steps by HRE to ensure audit recs implemented		HRE	HRE
SS		05/11/08	Y	Questions arising from Sept KPMG follow-up		HRE	HRE
TT		05/11/08	Y	HRE DLT records of audit report discussions		HRE	HRE

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Log No	Date	Date information received	Exempt?	Document/Request	Information	Author	Provided by
ZZ		05/11/08		TA Voids with canvas returns		HRE	HRE
Z		11/11/08		Clarification on drawing down of contingency in 2008-09		FR	FR
WW		18/11/08		TA income and expenditure 2006-9		HRE	HRE
I(ii)				Subsidy Reduction report <i>Proposed Changes to the HB Subsidy for TA</i>		HRE	HRE