

**NEWS RELEASE: EMBARGO 12 NOON WEDS 5<sup>TH</sup> JULY**

## **PEOPLES' AUDIT DISCOVERS EXTENSIVE FINANCIAL MISMANAGEMENT IN LONDON BOROUGH OF LAMBETH**

Evidence of extensive financial mismanagement and failings in financial governance potentially costing millions of pounds has been discovered by a team of 'citizen auditors' who scrutinised the annual accounts of the London Borough of Lambeth for 2015/16.

Using powers granted under the 2014 Local Audit and Accountability Act, a group of ten Lambeth residents had 30 days to request accounts, contracts, invoices and correspondence relating to expenditure. They supplemented this with Freedom of Information Requests and Members' Enquiries by a councillor.

The group, which includes a chartered accountant, quantity surveyor and other financial professionals, unearthed a "systemic lack of financial governance" within Lambeth Council. Their findings, explained in full in the report accompanying this news release, include:

### **Over-paying building contractors for work on council estates**

- In a sample of three blocks checked on the Wyvil Estate in Vauxhall, Lambeth Council paid its contractors for more than twice the number of concrete repairs that were actually carried out
- Lambeth paying an average £4,000 for kitchen replacements, priced under its Decent Homes contracts at £2-3,000
- Contractors for repairs at Cressingham Gardens Estate charging for works that have not been carried out; repeat instances of the same repair; and instances of overcharging.

### **Appearance of price-fixing in building contracts**

- Indications of possible price fixing between some contractors. In one instance all four tenderers on a £1.3m project within 7% of each other; in another, two of the tenderers had identical prices for several items – both unheard of in the building industry.

### **Sale of council assets below market value**

- Sale to private developer Pocket Living of three pieces of land from Lambeth council estates in Kennington and Streatham at a discount of at least £1m in 2015/16 - without any competitive tender.

### **Lack of control by Lambeth Council of what it spends**

- Over £8m of invoices for housing repairs not available to Lambeth's finance department

Lambeth Peoples' Audit 2015/16  
Published by Lambeth Peoples' Audit Ltd Company No. 10836982

**Press Enquiries:** Chris Holt: 07866 801177 or Simon Morrow: 07505 409778,  
[peoplesauditpress@gmail.com](mailto:peoplesauditpress@gmail.com)

- A fifth of records for payments by Decent Homes programme incomplete
- “Industrial scale” ignoring of rules on competitive tendering
- £400,000 paid to City Suburban Tree Surgeons – without advance authorisation
- Numerous examples of expenditure being under-stated on Lambeth Council’s website, when compared with actual invoices, including £3.2m paid to Transport Trading Ltd (a wholly owned subsidiary of TfL).

The co-ordinator of the research by Lambeth Peoples’ Audit, Simon Morrow, said:

*“We have unearthed evidence of extensive financial mismanagement that suggests millions of pounds of taxpayers’ money is being wasted. Lack of governance within Lambeth council appears to be systemic.”*

*“Whilst recognising the effect of central government cuts on local authorities, from our own experiences of dealing with Lambeth council we knew that was not the whole story. That’s why we decided to investigate further. We believe ours is the most extensive use so far of citizens’ powers of scrutiny introduced when the Audit Commission was abolished in 2015.*

*“Lambeth describes itself as a ‘co-operative council’. In this spirit we offered to help the council review how their contracts were operated and to help them save money. Our group contains some highly experienced finance professionals who could see immediately that there were some significant problems. Our input could have saved the council significant amounts of money. Sadly our offer of help was rejected by the council.*

*“This is about accountability - it is very easy to spend other peoples’ money. Now Lambeth needs to be held to account for their spending decisions.”*

**Notes:**

1. Lambeth’s accounts for 2016/17 are now open to public scrutiny between 3<sup>rd</sup> July – 11<sup>th</sup> August 2017: <https://www.lambeth.gov.uk/sites/default/files/ec-audit-ofaccounts-notice-of-public-rights.pdf>
2. Lambeth Peoples’ Audit executive summary and 36-page report on the 2015/16 accounts will be published on Wednesday 5<sup>th</sup> July 2017 at [www.thepeoplesaudit.info](http://www.thepeoplesaudit.info)

**FOR MORE INFORMATION, INTERVIEWS, PHOTOS, CONTACT:**

Chris Holt: 07866 801177

Simon Morrow: 07505 409778

Lambeth Peoples’ Audit 2015/16

Published by Lambeth Peoples’ Audit Ltd Company No. 10836982

**Press Enquiries:** Chris Holt: 07866 801177 or Simon Morrow: 07505 409778, [peoplesauditpress@gmail.com](mailto:peoplesauditpress@gmail.com)

Email: [peoplesauditpress@gmail.com](mailto:peoplesauditpress@gmail.com)

[ENDS]

Lambeth Peoples' Audit 2015/16  
Published by Lambeth Peoples' Audit Ltd Company No. 10836982

**Press Enquiries:** Chris Holt: 07866 801177 or Simon Morrow: 07505 409778,  
[peoplesauditpress@gmail.com](mailto:peoplesauditpress@gmail.com)