

Len Duvall AM

Kieran Poynter

Chairman
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Our ref:

Your ref:

Date: 25th June 2008

Dear Mr Poynter

I thought I should write to you on behalf of the Labour Group members on the London Assembly to give you notice of our concerns that your firm has been drawn into party political issues through your involvement in work at the LDA. I thought it appropriate to offer you the opportunity to comment and give us your perspective.

Our understanding is that your firm, along with other specialist legal and forensic accountancy companies, was engaged by the Board of the London Development Agency (LDA) earlier this year and prior to the Mayoral elections to look at various aspects of LDA practice. In particular we understand that PricewaterhouseCoopers was asked to supplement internal audit arrangements and to provide additional external scrutiny of the LDA's project management and grant funding. This was a properly commissioned piece of work under normal procurement rules.

It was therefore with some surprise that we noted that Mr Andrew Gordon, Head of Investigations within your Forensic Services Group, was to act as the expert adviser to a group of Conservative Party supporters appointed by Boris Johnson to find "post-hoc" evidence for positions taken by him during the recent Mayoral election campaign. As we were told that the work of the Panel was without cost to the Council Tax payer and as every other member of this Panel is either a Conservative politician or a declared supporter of the Conservative Party, you will understand that we believed Mr Gordon was working in a personal capacity and we were justifiably seeking confirmation of his own political affiliation.

In response to questions, particularly at the GLA Business Management Administration meeting of 4th June 2008, the most senior officers in the GLA assured us that there was no contractual relation with PricewaterhouseCoopers in respect of Mr Gordon's work.

Now – six weeks after this work began – we have been provided with details of a commission to your firm, dated 16th June 2008 indicating that you are indeed working under contract for this work.

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In the light of the confusion you have been drawn into, I would be grateful if you could explain your firm's position in respect of the following questions

- Is it appropriate for PricewaterhouseCoopers to be doing one piece of work on behalf of the LDA Board and at the same time be acting as adviser to a party-based group who have already, in their interim report, questioned "whether the Board of the LDA was effective in its stewardship of the organisation"?
- Can you explain what PricewaterhouseCoopers position was in relation to any work done by Mr Gordon between 6th May 2008 when his appointment was announced and 16th June when you were engaged by the GLA?
- How can we be assured that Mr Gordon has not, in the work he is doing for this party-based Panel, been drawing on the work being undertaken under contract to the LDA by the Group of which he is Head? What safeguards maintain the integrity of the work you are undertaking on behalf of the LDA Board?
- Is PricewaterhouseCoopers now taking full responsibility for the conclusions of the Wheatcroft Panel and indemnifying these members of the Conservative Party from any liabilities that may arise as a result of their conclusions?
- You may be aware that the Labour, Liberal Democrat and Green Party Members of the London Assembly gave the Mayor the opportunity to have an all-party investigation into the operation of the LDA. The Mayor chose to reject this proposal, confirming the party-political nature of the Wheatcroft operation. Are you happy that your firm should be seen so publicly to be engaged in supporting this political witch-hunt in an organisation you are under contract to?

As the Mayor appears to be reluctant to provide any transparent information, I should be grateful to have your observations on these matters. I would suggest it would be appropriate to have your response before the publication of the Wheatcroft final report in a few weeks.

Yours sincerely

Len Duvall OBE AM
Leader London Assembly Labour Group

Copy: Mr Andrew Gordon