

# The Labour Party

**Tower Hamlets Labour Party**

Town Hall  
Mulberry Place  
5 Clove Crescent  
London E14 2BG

18th November 2014

Dear Secretary of State,

## **Tower Hamlets Labour Group response to DCLG consultation on proposed intervention.**

I am writing on behalf of Tower Hamlets Labour Group – 22 of the 45 elected councillors in Tower Hamlets.

The Labour Party has a long track record of fighting impropriety in Tower Hamlets, both before and since Lutfur Rahman was elected Mayor of the Borough in 2010. Since his election we have seen an erosion of democratic checks and balances to the detriment of local people. The PwC report includes illustrations of the points we have been making for some time about the failures and abuse of the mayoral system in Tower Hamlets.

Whilst no one welcomes reaching the point of government intervention, the failures of the best value duty found in the report match the long standing concerns we have been raising for some time, including through Overview and Scrutiny Committee as set out in the report, and we hope that the proposed intervention and appointment of commissioners will be an opportunity to tackle improper political decision making and weak governance. This is vital to restore the faith of local people in how the council operates – as councillors we are acutely aware of how appalled many residents have been over decision making and use of public funds since October 2010. Thousands of constituents, from all backgrounds and faiths, have raised their concerns with us. Local people deserve transparency and accountability, which we hope this intervention will deliver. Having recognised governance issues previously, we passed a full council motion to set up a governance review, which, with regret, has made little practical progress. We hope to work with the commissioners to ensure further progress of this work - to tackle some of the authority's structural governance issues.

On senior appointments, Labour has a majority on and chairs the HR committee. We have started appointment processes for the head of finance and the section 151 officers and we are happy to work with commissioners as they see appropriate in the existing process, or to restart it if that is preferable. Elected Labour councillors will work collaboratively with the commissioners and across party divides to ensure the best possible statutory officer recruitment as soon as is practicable.

We sought to begin the chief executive recruitment process this year, through a motion including a recruitment timetable that was passed at Full Council, and progressed through the HR committee. The mayor has chosen not to participate, despite our efforts at collaboration. We believe that we need a chief executive with full power and authority to undertake that role. To date, the mayor has not delegated those powers to the Head of Paid Service. We hope that this can be resolved and that the mayor and councillors working with commissioners will be able to successfully recruit a chief executive, whose remit should include trust and transparency for all councillors and local people, as well as working with the mayor.

We accept the proposed interventions on grants, disposal of assets and communications. We welcome the proposal to appoint a widely recognised experienced returning officer, whilst recognising the authority's obligations as an employer to post holders. Labour chairs the General Purposes Committee and would seek to work with the commissioners on this. The trust of local people in the electoral process, with an upcoming general election, is vital - and clarity and progress on this direction is urgently required.

We are concerned about the integrity of the authority's procurement practice, including evidence from the audit report on political interference in the procurement of learning disability day services. We hope that the commissioners would retain oversight of the integrity of procurement contracting processes.

In addition to the proposed interventions, the allocation of Section 106 funding remains opaque, with significant amounts of public money spent. There should be no improper direct political interference in the allocation of Section 106 monies that are determined through the quasi-judicial role of the Strategic Development and Development committees of the council. Transparency on the use of this funding is badly needed. We recommend that DCLG commissioners should ensure best value compliance through oversight of Section 106 expenditure.

I would be grateful for a meeting with the commissioners at the earliest possible opportunity, and for agreement of a process for meetings and communications, to ensure that the proper role of opposition members can be included in scrutiny and oversight of the new arrangements.

Democratic oversight should not be diminished by this intervention. As well as the vital role of councillors in recruitment, we would hope that overview and scrutiny would operate as for executive functions in decision making, particularly for example in grant making if decision making is to be removed from the mayor's authority.

We very much hope that this intervention works for local people, and that we return as soon as possible to democratic politics as normal. We will do all we can to work to achieve this.

Yours sincerely,



Cllr Rachael Saunders  
Leader – Tower Hamlets Labour Group