



Department for  
Communities and  
Local Government

Stephen Halsey  
Head of Paid Service  
London Borough of Tower Hamlets Council  
Town Hall  
6<sup>th</sup> Floor, Mulberry Place  
5 Clove Crescent  
London  
E14 2BG

29 April 2015

Dear Mr Halsey,

**THE COUNCIL OF THE LONDON BOROUGH OF TOWER HAMLETS: INTERVENTION**

I am writing to inform you that the Secretary of State has made today Directions, under section 15(5) of the Local Government Act 1999, in relation to your Council. I enclose a copy of the Directions.

These Directions implement, with certain clarifications, the Directions which the Secretary of State proposed on 25 March 2015 relating to the appointment of your Authority's Head of Paid Service, and which were set out in my letter to you of that date.

My letter of 25 March set out the context for those proposed Directions and the Secretary of State's reasons for making those proposals. My letter invited your Authority to make such representations as it wished about the Secretary of State's proposals. On 13 April, the Secretary of State received representations from the Authority under cover of a letter from Chris Holme, the Authority's Acting Corporate Director, Resources. The representations comprised a letter from the Chair of the Authority's HR Committee dated 9 April 2015 and a letter from Mr Lutfur Rahman dated 10 April 2015. These representations have been carefully considered by the Secretary of State.

The Secretary of State notes that the Chair of the HR Committee welcomes the proposed Directions, stating that they go "a good way to moving forward the process agreed by Council in September 2014". The Chair also stated that "we welcome the proposed direction that appointment to the post should be made following a full and open recruitment process". The Chair's representations conclude by stating "please rest assured that the HR Committee are committed to working with the Commissioners in order to achieve effective implementation of the proposed new direction".

The Secretary of State also notes that Mr Rahman suggests that the Commissioners' letter of 18 March, to which the Secretary of State had regard when making his proposals, contains certain inaccuracies and omissions. In particular Mr Rahman considered that it was premature to conclude, as the Commissioners had done, that the Authority had failed to comply with certain of the Directions issued on 17 December 2014, and that there was an impasse in the process for appointing a Head of Paid Service and defining the role of that post. He further considered that the Commissioners' letter did not state that negotiations on this matter were continuing and that he had agreed to the principle of providing certain executive delegations to the Head of Paid Service role. The Secretary of State further notes that Mr Rahman comments in particular that the proposed Directions involve a new post and hence "commits the council to additional expenditure"; that any recruitment process should take due account of equalities issues; and that an agreed view across the Authority was achievable and the "proposed direction represents a failure of the commissioners' function". However Mr Rahman concludes his representations by stating that "the proposed direction is one that, in practical terms, I will support".

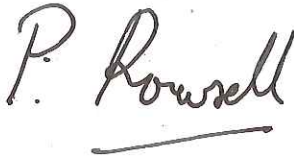
Having carefully considered these representations, the Secretary of State remains of the view that your Authority is failing to comply with its best value duty and that the Directions proposed on 25 March are both necessary and expedient to secure your Authority's compliance with that duty. He is satisfied that the reasons that led him to propose the Directions are sound and that it would be appropriate now to implement his proposals. In particular the Secretary of State recognises that the Chair of the Committee responsible for progressing appointment issues has welcomed the proposed Directions and sees them as a good way to progress matters, enabling an appointment to be made following a full and open recruitment process. Such a process will allow appropriate account to be taken of equalities issues, to which Mr Rahman attached importance.

The Secretary of State, however, is not persuaded that Mr Rahman's characterisation of the circumstances is correct or that the Commissioners' letter is inaccurate or partial in its statements, as suggested by Mr Rahman. Regarding Mr Rahman's view that the Commissioners' conclusion was "premature", the Secretary of State remains of the view that an open competition is required and notes that such open competitions necessarily take time. On 18 March 2015 (the date on which the Commissioners wrote to the Secretary of State) there was no prospect of an open competition being completed by 1 April 2015 or within any reasonable time thereafter and, indeed, an open competition has still not been commenced. Regarding Mr Rahman's view that the Directions would impose a new chief executive upon the Council, the Secretary of State notes that the Chair of the Authority's HR Committee reports that "the Council resolved in September 2014 to fill the vacancy of Chief Executive" and that the HR Committee had previously expressed "support for the original Council Motion which called for a stand-alone post to take responsibility for the officer leadership of Tower Hamlets Council". Regarding the cost of a stand-alone post, the Secretary of State is assured by the Commissioners in their letter to him of 18 March 2015 that the Authority "has sufficient funds available to reinstate this funding in-year". The proper specification of the position and an open recruitment process leading to a high-calibre appointee will in itself help to secure value for money. Accordingly, the Secretary of State has made the Directions enclosed with this letter.

Finally, I would record that the Secretary of State received on 13 April 2015 a letter from Cllr Rachel Saunders, Leader of the Labour Group at your Authority and on 15 April 2015 a letter from Cllr Peter Golds, Leader of the Conservative Group. Whilst the Secretary of State has not had regard to these letters when reaching his decision on the Directions, he notes that they are broadly supportive of the approach he has in any event decided to take.

I am copying this letter to your Authority's Section 151 Officer and to its Monitoring Officer.

Yours sincerely,

A handwritten signature in black ink that reads "P. Rowsell". The signature is written in a cursive style with a horizontal line underneath the name.

**PAUL ROWSELL**

