



Department for  
Communities and  
Local Government

28 March 2017

Mayor John Biggs  
Executive Mayor's Office  
Tower Hamlets Town Hall  
Mulberry Place  
5 Clove Crescent  
London  
E14 2BG

## **LONDON BOROUGH OF TOWER HAMLETS – DIRECTIONS**

I am writing to inform you that the Secretary of State for Communities and Local Government has today revoked the Directions issued on 17 December 2014 which will remove Commissioners as of 31 March 2017. He has also made further Directions under section 15(5) and (6) of the Local Government Act 1999 (“the 1999 Act”) in relation to your Authority. I enclose a copy of these Directions.

This is consistent with the Secretary of State's ‘minded to’ statement of 16 March 2017 regarding the return of all executive functions to the Authority. This is subject to the Authority continuing to achieve against its Best Value plans and reporting back to the Secretary of State on a regular basis.

Thank you for your representations received on 21 March which confirmed your commitment to the on-going improvement of the Authority.

The Secretary of State is satisfied that the Authority is now in a position to deliver on all outstanding actions and continue to make improvements as required under the Best Value Duty. He is pleased to see your commitment to continuous improvement, including electoral administration, and that you have reaffirmed your commitment to taking part in the pilot programme on voter identification being run by colleagues in the Cabinet Office.

In recognition of the progress made by the Authority over the past two years, the Secretary of State is satisfied that your Authority is now able to exercise executive functions and does not require Commissioner oversight. However as there remain outstanding actions under your Best Value Action Plan he requires you to report to him on a quarterly basis, provide objective

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verification of achievement and on-going compliance with the Best Value Duty. The Secretary of State has therefore decided to issue further Directions under section 15 of the 1999 Act which include requirements for on-going reporting. These Directions will come into force on 1 April 2017 and run for 18 months until 30 September 2018.

The Secretary of State would like to take this opportunity to express his gratitude to you for all the work you have done in getting the Authority to this point.

I am copying this letter to your Authority's Chief Executive, Section 151 Officer, Interim Head of Legal Services, and to the Commissioners' office.

**ALEX POWELL**

## **ANNEX – DIRECTIONS**

### **INTRODUCTION**

1. Following receipt of the London Borough of Tower Hamlets' ("the Authority") representations of 22 March 2017, the Secretary of State is exercising his powers under section 15 of the Local Government Act 1999 ("the 1999 Act") to:
  - Issue directions under section 15 of the 1999 Act to ensure the Authority's compliance with the requirements of Part 1 of the 1999 Act by requiring the Authority to continue to implement the strategy and action plan referred to in paragraph 1 of Annex A to the December 2014 Directions as amended ("the Best Value strategy and action plan");
  - Revoke the December 2014 Directions as amended. This would end the Tower Hamlets Commissioners' involvement in the governance of the Authority.

### **CONTEXT**

2. Following receipt of the Authority's fourth six-monthly progress report against the Council's best value strategy and action plan dated 20 February 2017 as required by the Directions issued to the Authority on 17 December 2014 as amended by the Directions issued on 29 April 2015 and on 16 January 2017 ("the December 2014 Directions as amended"), the Tower Hamlets Commissioners' report to the Secretary of State for Communities and Local Government ("the Secretary of State") dated 21 February 2017, the oral report made by the Commissioners of Tower Hamlets to the Secretary of State on 27 February 2017 and the oral representations made by the Mayor and Chief Executive of Tower Hamlets to the Secretary of State on 27 February 2017, and the letter from Tower Hamlets to the Secretary of State on 1 March the Secretary of State issued notice that he was considering exercising his powers under section 15 of the Local Government Act 1999 ("the 1999 Act") to:
  - Issue further directions under section 15 of the 1999 Act to ensure the Authority's compliance with the requirements of Part 1 of the 1999 Act by requiring the Authority to:
    - Continue to implement the strategy and action plan referred to in paragraph 1 of Annex A to the December 2014 Directions as amended ("the Best Value strategy and action plan");
  - Revoke the December 2014 Directions as amended. This would end the Tower Hamlets Commissioners' involvement in the governance of the Authority.
3. On 17 December 2014 the then Secretary of State exercised his powers of direction under section 15 of the 1999 Act in relation to the Authority and issued Directions to the Authority ("the 17 December 2014 Directions"). This followed consideration of the report of the Best Value inspection of the London Borough of Tower Hamlets by PricewaterhouseCoopers LLP dated 16 October 2014 and published on 4 November 2014 ("the PwC report"); the report of "Delays at the verification and count for the May 2014 elections in Tower Hamlets - Report of the Electoral Commission's review", dated 1 July 2014 ("the Electoral Commission's review"); representations made by the Authority on the PwC report, received 8 December 2014; and representations made by the Authority on PwC's response to representations from the Authority on PwC's report,

received 10 December 2014. The PwC report identified serious failings in the governance of the Authority and concluded that the Authority was failing to comply with its best value duty in respect of the exercise of several of its functions. The Electoral Commission's review concluded that there were significant lessons for the returning officer appointed by the Council, and that immediate and sustained action must be taken to provide assurance that future elections and electoral registration will be well managed, and efficiently and effectively delivered. In light of the PwC report and the Electoral Commission's review, the Secretary of State issued the 17 December 2014 Directions, which outlined measures to address the identified failings in the Authority.

4. On 29 April 2015 the then Secretary of State again exercised his powers of direction under section 15 of the 1999 Act in relation to the Authority and issued further Directions to the Authority ("the 29 April 2015 Directions") regarding the recruitment of a permanent Head of Paid Service.
5. On 16 January 2017 the Secretary of State again exercised his powers of direction under section 15 of the 1999 Act in relation to the Authority and issued further Directions to the Authority ("the 16 January 2017 Directions") to return to the Authority the exercise of grants functions, and the making of arrangements to discharge these functions under section 101 of the Local Government Act 1972 (referred to in paragraphs 1 and 2 of Annex B to the 17 December 2014 Directions).

#### **THE COMMISSIONERS' 21 FEBRUARY 2017 REPORT**

6. On 21 February 2017 Tower Hamlets Commissioners sent to the Secretary of State their response to the Authority's fourth six-monthly report on progress against the Best Value Strategy and Action Plan. The 21 February report states that regular reporting to Ministers on progress of the proposed Best Value Improvement Board "will provide a useful public overview of the total position and Commissioners recommend that the Secretary of State gives this serious consideration as an alternative to just extending the Direction regime." The Commissioners stated that they were satisfied and endorse the progress made by the Authority in all areas of the direction regime since the last progress report of 20 September 2016. The Commissioners further noted that not all actions required in the December 2014 Directions as amended have been completed as set out in the Best Value Improvement Plan for 2017-18. They considered that the completion of such actions would take a further 12 months. The Commissioners attributed the non-completion of these actions to "the obstruction, delay and non-compliance by the previous political and officer leadership of the Authority". Based on the progress that has been made by the Authority, the Commissioners supported the establishment of a cross party Best Value Improvement Board, with external representatives, chaired by the Mayor.
7. After carefully considering the 21 February report the Secretary of State considered whether or not to exercise his powers under section 15 of the 1999 Act in relation to the Authority, in order to revoke the December 2014 Directions as amended. The Secretary of State also considered making further directions in order to require that the Authority

completes all actions under the Best Value Action Plan and Best Value Improvement Plan 2017/18 to ensure its compliance with its best value duty.

8. On 22 March the Authority made representations to the Secretary of State welcoming the proposed revocation of the December 2014 Directions as amended and the withdrawal of Commissioners. The Authority also welcomed the ongoing reporting requirements proposed in the further Directions.

#### **FUNCTIONS TO BE RETURNED TO THE AUTHORITY**

9. Having given due consideration to the Authority's representations the Secretary of State directs that all functions specified in Annex B to the December 2014 Directions as amended are returned to the Authority on the expiry of the Direction period on 31 March 2017.

#### **ACTIONS TO BE TAKEN BY THE AUTHORITY**

10. The Authority will be obliged to undertake the actions outlined below. The Authority will continue to demonstrate progress against the Best Value Duty. In addition the Authority will:
  - submit quarterly reports on all outstanding actions in its Best Value Action Plan and Best Value Improvement Plan 2017/18 to the Secretary of State. The first report should be received by 10 a.m. on 30 June 2017.
  - set up an independent review of achievement against their Best Value Action Plan and Best Value Improvement Plan 2017/18 to be submitted to the Secretary of State by 1 August 2018.
  - set up a new Best Value Improvement Board, chaired by the Mayor, with cross party representation and external representatives to provide suitable challenge to improve all council activity.

The Secretary of State may consider whether or not it is appropriate to issue further Directions if he considers any or any part of these actions have not been undertaken.

#### **THE COMMISSIONER TEAM**

11. The Commissioner team will end their involvement in the Authority on 31 March 2017 in recognition of the progress made.

#### **DURATION OF THE DIRECTION**

12. The December 2014 Directions as amended and the Directions issued on 29 April 2015 and on 17 January 2017 are in force until 31 March 2017. The further Directions reflecting the proposals above are in force until 30 September 2018.

Signed on behalf of the Secretary of State for Communities and Local Government and the Secretary of State for Education.

Alex Powell

A Senior Civil Servant in the Department for Communities and Local Government

Date: