



16 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 – PROPOSED DIRECTIONS

The Commissioners in Tower Hamlets wrote to the Secretary of State on 21 February 2017 in response to your fourth six monthly report, received on 20 February 2017, on progress against the Authority's Best Value Strategy and Action Plan.

In their letter the Commissioners stated that they are satisfied and endorse the progress made by the Authority in all areas of the direction regime since the previous progress report of 20 September 2016. The Commissioners further noted that:

- Not all actions required have been completed as set out in your 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 and recommended that regular reporting to Ministers now represents a serious alternative to extending the current regime with Commissioners with possible additional safeguards.
- Although not explicitly covered by the December 2014 Directions as amended, the improvement of the wider culture in the Authority, including the working relationships between members and between members and officers, is crucial to restoring good local

government and that work to ensure such improvement would need to continue beyond the forthcoming Mayoral election in May 2018.

The Secretary of State has carefully considered the Authority's latest progress report and other relevant information referred to in its attached Annex. He is satisfied, on the basis of the evidence set out therein, that in view of the progress made by the Authority it is appropriate to end the Commissioners' role in exercising the specified functions of the Authority to comply with the best value duty under Part 1 of the Local Government Act 1999. The Secretary of State considers that it would be appropriate to make further Directions under section 15(5) of the 1999 Act to require that the Authority completes all actions under the Best Value Strategy and Action Plan to ensure its compliance with its best value duty.

Your Authority is now invited to make such representations as it wishes about the report and the Secretary of State's proposals. All such representations should be sent by email to Anna.Wojtowicz@communities.gsi.gov.uk, copied to Alex.Powell@communities.gsi.gov.uk, or in hard copy to the address below marked for the attention of Anna Wojtowicz, so as to be received on or before 10 a.m. on 22 March 2017. They will then be carefully considered by the Secretary of State in making a decision as to whether or not to make the proposed Directions.

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

ALEX POWELL

ANNEX – PROPOSED REVISED DIRECTIONS

INTRODUCTION

1. Following the receipt of the London Borough of Tower Hamlets' ("the Authority") 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 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 is 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.

CONTEXT

2. On 17 December 2014 the then Secretary of State exercised his powers of direction under section 15 of the 1999 Local Government 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.

3. 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.
4. 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 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

5. On 21 February 2017 the Commissioners in Tower Hamlets 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 endorsed 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.
6. After carefully considering the 21 February, report the Secretary of State is considering exercising 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 is also considering making further directions in order to require that the Authority completes all actions under the Best Value Strategy and Action Plan to ensure its compliance with its best value duty.

FUNCTIONS TO BE RETURNED TO THE AUTHORITY

7. The Secretary of State proposes 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

8. 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.
- set up an independent review of achievement against its 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 reserves the right to consider further Directions if they consider any or any part of these actions have not been undertaken.

THE COMMISSIONER TEAM

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

DURATION OF THE DIRECTION

10. 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. Any further Directions reflecting the proposals above will be in force until 30 September 2018.