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Dear Secretary of State

Best Value Action Plan six month progress report

I write to update you on the progress I and my Council have been making with our Action Plan. This has been considerable, as we systematically address the issues underlying your Department's intervention.

We recognise that such interventions are exceptional. We recognise also that while the headlines last year pointed the responsibility towards an individual, and a political administration, and this was certainly the precipitating and a major factor, it is too simplistic to simply attach and transfer responsibility to one person or event. There are underlying cultural and organisational foundations which we have had to tackle too.

It has taken time for the whole organisation to recognise this deeper challenge, and indeed to be candid I had to grapple with resistance within the Council's organisation in the first few months following my election in June 2015. However, the Council has, particularly since the Autumn and the arrival of our new team of Statutory Officers, been making considerable progress in terms of both delivering the Action Plan that the Council agreed with your predecessor in March 2015 and embedding the broader changes required to demonstrate that we are moving forward with them.

This second update report focuses on progress in relation to the remaining five themes within the Best Value Action Plan: Procurement, Grants, Property, Communications and Organisational Culture. I am pleased to report that we are on track to deliver all but one of the actions within the Best Value Plan by June 2016.

The work of the Commissioners in helping us to get to this stage has been helpful, although we are impatient for their intervention to end. We have begun to discuss transition arrangements for the Council taking back responsibility for its functions and in most areas this should be straightforward. In more challenging areas, such as the administration of grants, we are moving toward a new governance arrangement where it is intended that I and a Cabinet Member will sit alongside the Commissioners when decisions are made as a transition to the Council taking back executive responsibility for grants on a permanent basis.

I look forward to working with the Commissioners to develop a more detailed transition timetable for the Council taking back its full responsibilities. It will not surprise you that we would like this to be as soon as is reasonably possible. We do recognise the ongoing interests of the Commissioners in their oversight of the Directions however, and understand that a progressive exit from the Directions, as in their judgement their need for oversight ends, is their preferred approach. We are of the view that an earlier and complete exit, during this calendar year, should be possible. We would ask you to consider carefully the balance between these approaches.

As you will recall, as part of the first six monthly update provided in September 2015, I was able to confirm the successful completion of activities set out in both our Recruitment and Elections Action Plan. Of particular significance were:

- The permanent appointment to each of the three statutory posts (Chief Executive, Corporate Director of Resources (s151 Officer) and Director of Law, Probity & Governance (Monitoring Officer)). Since then, we have made permanent appointments to the Director posts for both Children's and Adult Services and to key Service Head roles for Public Realm and Finance & Procurement.
- The successful delivery of the elections in May & June 2015 and the implementation of recommendations from a subsequent lessons learned report. Will Tuckley, our Chief Executive, is now the Returning Officer for the borough; Will is a member of London's Election Management Board.

Whilst the actions within the Recruitment and Elections Plans have been delivered, we continue to keep both the Commissioners and DCLG officials updated on these matters.

The Best Value Board will consider an update on preparations for both the London elections and EU referendum taking place in June. A briefing from the Borough Returning Officer, which sets out plans and progress in relation to elections, is attached (appendix 1).

Following the recruitment of the Chief Executive, work has been undertaken to consider what delegated authority should be conferred to this role, informed by discussions with myself and the Local Government Association. Alongside this, Members have been engaged in the development of an appraisal process for the Chief Executive involving both an independent third party and a cross-party group of Councillors. The agreed appraisal process, and any changes to delegations, will be operational by May 2016.

This second update report provides a more detailed narrative with a greater focus on outcomes and the priority work-streams that have been developed to drive these forward. In consultation with the Commissioners, we are now only reporting on those actions within the Plan that have yet to be delivered and reported as such to the Best Value Board.

In addition to the role of the Best Value Board in monitoring and challenging progress, the Council's Internal Audit service has undertaken an exercise of compliance testing in relation to Best Value progress reports for Procurement, Property, Grants and Communications. In all cases, a 'Substantial Assurance' judgement was provided, reflecting that actions are being delivered and reported correctly.

Whilst delivering the agreed actions within the Best Value Plan is a good starting point, we have sought to go beyond this. I have highlighted some key areas of substantial change below:

- In recent years the Council had a very limited programme of property disposal. However, in the last 6 months alone, we have secured more than £23.6 million in receipts through a carefully

managed disposals programme. Further surplus property disposal (approximately £40+ million) will take place during 2016/17. At the same time, the Council has overseen a series of rent reviews that aim to drive total rental income from £3.5 million in 2015/16 to £4.5 million in 2016/17. These positive outcomes are as a direct result of service changes delivered over the past year, including a refocusing of the service on strategic asset management tasks which support the council's core objectives. In light of the significant progress made, we believe that the related Direction will not be required beyond June 2016. The Council is making good progress in the areas where further change is needed, most notably in making operational its new Community Buildings Policy and considering its approach to an Asset Rental Account Model.

- The way the organisation procures has changed. This is evident in the level of off-contract spend which has diminished significantly, with all contracts above £25,000 now included. We are now taking a more corporate approach to procurement, for example in relation to security services (£2.2 million per annum) and catering (£1.3 million per annum). In addition, to ensure we are at the forefront of procurement best practice, beyond the specific actions set out in the Procurement Action Plan, the Council has developed a Procurement Transformation Programme to support continuous improvement, enabling the Council to deliver savings and value for money whilst also supporting local economies in a compliant way. We believe that this Direction could be ended, its requirements having now been substantially met.
- The Council's grants function is performing better following a series of operational improvements. The impact of these changes can be seen, including through a new Grants Information Portal which provides community access to a comprehensive range of data including organisation and project level information. The Council has also developed and consulted on a new Voluntary & Community Strategy, setting out a new strategic approach to the sector, including a move from grants to a commissioning-based approach to secure outcomes that are fully aligned to the Council's strategic priorities. As mentioned above, we are in parallel developing and embedding our governance arrangements, including those for transparency and scrutiny of the grants process. We have made proposals for co-decision-making as a part of the progression towards satisfactorily ending the Direction. We recognise that we need to embed new arrangements over the next six months, and subject to satisfactory progress, propose that the relevant Direction will not be required by September 2016.
- The Council has changed how it communicates. East End Life reduced its publication to fortnightly in the new year, with its production ending by 18th May. We are developing our new communications strategy and this will lead towards our refreshing our 'fully-costed plan for delivering the publicity functions' of the Council as required by the Direction in this area. If progress continues to be made and sustained, I envisage that the Direction will not be required beyond September 2016.

The organisation's culture is improving. Over recent months, we have seen Members working effectively across party lines, including in the development of the Tower Hamlets Transparency Commission. Council meetings have assumed a far greater civility and respectfulness, which, even a year ago, would have seemed remarkable. The new Mayor's Assembly provides a further opportunity for residents to raise local issues in a public forum, and for the first time in many years, a cross-party group will consider grant proposals before they are determined. We are furthermore examining, in a cross-party forum, our governance including meeting structures and formats in order to both further embed a new culture and improve performance. Following my election, I identified the Council as too inward looking. Over recent months, we have been working actively across London, including with our neighbouring boroughs to the East and West, on the development of devolution and joint-working proposals. More positive officer and member working relationships are already evident, and are

supported by a pennant corporate management team. The Chief Executive and I are personally leading work on improving the organisation's organisational culture, leading jointly and in our respective areas. I have attached, for information, his recent presentation to the Council's senior managers on this issue (appendix 3). Despite the progress made in a short space of time, it is recognised that changing culture is a longer-tenn process. We will continue to update the Commissioners on our progress. I believe however that we are already in a far healthier place than we were prior to my election. Strong leadership, reinforced by the will of staff and members, is moving the Council on from past events to focus on excellence and meeting proper challenges. I remain absolutely committed to promoting good practice through leadership and a ruthless focus on bad practice where it might remain.

As Executive Mayor, I now Chair the Best Value Programme Board; I oversee delivery of the Best Value Plan and ensure that we meet both the letter, and spirit, of the Directions supported by our new senior officer team.

I recognise the Best Value Inspection identified serious inadequacies in how the Council was run. I have worked tirelessly, with officers and members, to address both the specific failings and the organisational culture that allowed them to happen. There has been considerable progress in tackling both the identified problems and their root causes. I have pleasure in submitting this second six monthly update on the Council's progress in deliivering its Best Value Action Plan (appendix 4).

Yours sincerely

John Biggs
Executive Mayor

