

Directions to the Authority

DIRECTIONS UNDER SECTIONS 15(5) AND 15(6) OF THE LOCAL GOVERNMENT ACT 1999

1. The Secretary of State for Housing, Communities and Local Government (“the Secretary of State”) has carefully considered the following in respect of the London Borough of Tower Hamlets:
 - a. The Report of the Best Value Inspection of the London Borough of Tower Hamlets by Kim Bromley-Derry CBE DL (“the Report”), submitted to the Secretary of State on 31 July 2024, given to the Authority on 8 August 2024 and published on 12 November 2024.
 - b. The Report from the Local Government Association’s peer team following the Corporate Peer Challenge of the London Borough of Tower Hamlets that took place between 18-22 September 2023.
 - c. Discussions between Ministers and officials of the Ministry of Housing, Communities and Local Government and the Inspectors.
 - d. Discussions between Ministers and officials of the Ministry of Housing, Communities and Local Government and the Leadership of the London Borough of Tower Hamlets.
 - e. Representations received from the Authority and interested parties during the first representations period (12 to 25 November 2024).
 - f. The Ministerial Envoys’ first progress report to the Secretary of State on 21 May 2025.
 - g. Reports produced by the Authority’s auditor Ernst Young (EY): Provisional audit results report Year ended 31 March 2024 (16 February 2025), Interim Value for Money Report Year ended 31 March 2025 (16 November 2025), Draft Auditor’s Annual Report Year ended 31 March 2025 (17 November 2025).
 - h. The Ofsted Inspection Report of Tower Hamlets local authority children’s services (published 13 January 2025).
 - i. The Regulator of Social Housing’s Regulatory Judgement of the London Borough of Tower Hamlets (30 April 2025).
 - j. The Governance Stock Take Report of the London Borough of Tower Hamlets issued by the Good Governance Institute (July 2025).
 - k. The Ofsted Area SEND inspection of Tower Hamlets Local Area Partnership (published 21 August 2025).
 - l. The Report from the Local Government Association’s peer team following the Corporate Peer Challenge Progress Review of the London Borough of Tower Hamlets that took place on 7-8 October 2025.

- m. Reports and statements issued by the Authority, including (but not limited to): first progress report to the Secretary of State (16 July 2025), Internal Audit Annual Report 2024-25 (28 July 2025), the third iteration of the Continuous Improvement Plan (25 November 2025), Council statement on EY auditors report (8 December 2025), Continuous Improvement Plan Portfolio Guide Executive Summary (January 2026).
 - n. Correspondence between the Authority and the Ministry.
 - o. Discussions between Ministers and officials of the Ministry of Housing, Communities and Local Government and the Ministerial Envoys.
 - p. A letter from the Ministerial Envoys to the Secretary of State and Minister for Local Government and Homelessness on 9 December 2025.
 - q. The Ministerial Envoys' second progress report to the Secretary of State on 30 January 2026.
 - r. The Authority's second progress report to the Secretary of State on 2 February 2026
 - s. Representations received from the Authority and interested parties during the representations period (19 January to 2 February 2026).
 - t. Meetings of the Authority's Audit Committee on 3 and 10 December 2025 and 29 January 2026.
 - u. Meetings of the Authority's Transformation and Assurance Board on 22 September and 25 November 2025, and 13 January and 24 February 2026.
2. The Secretary of State is satisfied that the Authority is failing to comply with the requirements of Part I of the Local Government Act 1999 ("the 1999 Act").
3. The Secretary of State, having considered the representations made by the Authority as required by section 15(9) of the 1999 Act, and that listed above, considers it necessary and expedient, in accordance with the powers under sections 15(5) and 15(6) of the 1999 Act, to direct the Authority as set out below in order to secure the Authority's compliance with the requirements of Part I of the 1999 Act, in particular:
- a. Agree and implement to the satisfaction of the Ministerial Envoys (as defined in Annex A) a Continuous Improvement Plan (which may include or draw upon improvement or action plans prepared before the date of these Directions), with resource allocated accordingly. This should include:
 - i. appropriate actions to continue to address the Statutory Recommendations and significant weaknesses issued by the auditor on 16 February and 16 November 2025, particularly in relation to:
 - (a) The Authority meeting its objectives and the requirements of the Audit and Accounts Regulations
 - (b) The internal control environment
 - (c) Procurement and contract management

- (d) The internal investigations function
 - b. To achieve or continue to achieve improvements in relation to scrutiny functions, recruitment processes, openness and transparency of decision making and record keeping, procurement and contract management, internal investigations, a suitable officer structure and scheme of delegation.
 - c. To cooperate with the Ministerial Envoys to properly resource and deliver the deep dive project into allegations of misconduct in identified council functions and activities, as outlined in Annex A, paragraph 3.
 - d. To establish an Improvement Board and surrounding governance to the satisfaction of the Ministerial Envoys to oversee the Authority's actions against these Directions including the implementation of the Continuous Improvement Plan and the deep dive project.
 - e. To take appropriate action to address the serious failings and ensure compliance with the Best Value Duty in relation to Leadership, Governance, Culture, Partnerships and Community Engagement, Continuous Improvement and Use of Resources, thereby delivering improvements in services and outcomes for the people of Tower Hamlets.
4. Pursuant to powers under sections 15(5) and 15(6) of the 1999 Act, the Secretary of State directs:
- a. The Authority to take the actions set out in Annex A to these Directions.
 - b. That the functions of the Authority specified in Annex B to these Directions shall be exercised from the date of these Directions by the Ministerial Envoys acting jointly or severally; the Ministerial Envoys being persons nominated by the Secretary of State for the purposes of these Directions as long as those nominations are in force.
 - c. That, from the date of these Directions, the Authority shall comply with any instructions of the Ministerial Envoys in relation to the exercise of the functions specified in Annex B, and shall provide such information and assistance as the Ministerial Envoys may require for the purpose of exercising the functions specified in Annex B.
5. These Directions shall remain in force until 31 March 2028 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

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

James Blythe

Senior Civil Servant in the Ministry for Housing, Communities and Local Government

Date: 17 March 2026

ANNEX A

ACTION THE AUTHORITY IS REQUIRED TO TAKE

In this Annex, the following expressions have the following meanings –

“the Authority” includes the Executive Mayor, the Cabinet, members of the Cabinet, any committee or subcommittee of the executive, any committee or subcommittee of the Council, any officer of the Council or any other person who has responsibility for exercising the function or other decision making in relation to the matter in question.

“The Envoys” refers to the Ministerial Envoy and Assistant Envoys, nominated by the Secretary of State to hold powers to exercise functions, to work comprehensively across the Authority acting as advisors, mentors and monitors, including the finance Assistant Envoy when appointed.

The actions to be taken by the Authority are:

1. Disband the Transformation and Assurance Board and establish an Improvement Board to oversee the Authority’s delivery against the ministerial Directions and provide challenge and assurance, with the agenda, workplan, reports and surrounding governance to be developed to the satisfaction of the Envoys.
2. Continue to implement a Continuous Improvement Plan in a timely manner (which may include or draw upon improvement or action plans prepared before the date of these Directions), with resource allocated accordingly. The Continuous Improvement Plan should be properly considered by Full Council on at least a quarterly basis. The Plan should include, as a minimum, the following components:
 - a. Actions to continue to address the Statutory Recommendations and significant weaknesses identified by the auditor on 16 February 2025 and 16 November 2025, particularly in relation to:
 - i. The Authority meeting its objectives and the requirements of the Audit and Accounts Regulations,
 - ii. The internal control environment,
 - iii. Procurement and contract management,
 - iv. The internal investigations function.
 - b. Actions to continue to achieve improvements in relation to the proper functioning of the Authority’s scrutiny functions.
 - c. Actions to continue to achieve improvements in officer recruitment processes, including appropriate record keeping.
 - d. Actions to continue to achieve improvements in the openness and transparency of decision making, including public consultation and record keeping.
 - e. Actions to continue to achieve improvements in relation to the proper functioning of the procurement and contract management function.
 - f. Actions to continue to achieve a suitable officer structure and scheme of delegation for the Authority, including Cabinet portfolios and line management arrangements for statutory officers – all of which should provide sufficient

- resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting.
- g. Actions to continue to implement a fully costed programme of cultural change and achieve improvements in relation to facilitating an open, honest and accountable culture within the Authority.
 - h. Actions to continue to implement a fully costed programme of political mentoring for members.
 - i. Actions to continue to achieve improvements to address the serious failings and ensure compliance with the Best Value Duty in relation to Leadership, Governance, Culture, Partnerships and Community Engagement, Continuous Improvement and Use of Resources.
3. Cooperate with the Envoys to adequately resource and deliver the deep dive project into alleged misconduct in the areas listed below, and any other areas the Envoys see fit. The scope, resourcing and delivery of this project will be determined by the Envoys and enabled by the Authority, as the Envoys require. The Authority must provide the appropriate access to premises, documents, employees and members of the Authority in a timely manner to the satisfaction of the Envoys:
 - a. patronage in recruitment and staff promotions
 - b. resource allocation (community assets and community grants)
 - c. housing allocations
 - d. licensing and planning decisions
 - e. the structure, functions, activities and roles within the Mayor's Office and Mayoral Advisory team.
 4. For the Direction period, to cooperate with the Envoys.
 5. To undertake in the exercise of any of its functions any action that the Envoys may reasonably require to avoid, so far as practicable, incidents of poor governance or poor financial governance that would, in the reasonable opinion of the Envoys, give rise to the risk of further failures by the Authority to comply with the Best Value Duty.
 6. To report to the Envoys on the delivery of these Directions at six monthly intervals, or at such intervals as the Envoys may direct, and ensure these reports are properly considered by Full Council prior to submission.
 7. To allow the Envoys at all reasonable times, such access as appears to them to be necessary, including:
 - a. To any premises of the Authority,
 - b. To any document relating to the Authority, and
 - c. To any other employee or member of the Authority.
 8. To provide the Envoys at the expense of the Authority, with such reasonable amenities and services and administrative support as the Envoys may reasonably

require from time to time to carry out its functions and responsibilities under these Directions.

9. To pay the Envoys reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
10. To provide the Envoys with such assistance and information, including any views of the Authority on any matter, as the Envoys may reasonably request.
11. To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of these Directions.

ANNEX B FUNCTIONS OF THE AUTHORITY TO BE EXERCISED BY THE MINISTERIAL ENVOYS

In this Annex –

“the Authority” includes the Mayor, the Cabinet, members of the Cabinet, any committee or sub-committee of the executive, any committee or subcommittee of the London Borough of Tower Hamlets, any officer of the London Borough of Tower Hamlets or any other person who has responsibility for exercising the function or other decision making in relation to the matter in question.

“the Envoys” refers to any person nominated by the Secretary of State to hold powers to exercise functions, to work comprehensively across the Authority acting as advisors, mentors and monitors, including the finance Assistant Envoy when appointed.

“Statutory Officer” means any of: the Head of Paid Service designated under section 4(1) of the Local Government and Housing Act 1989; the Chief Financial Officer designated as having responsibility for the administration of the Authority’s financial affairs under section 151 of the Local Government Act 1972; the Monitoring Officer designated under section 5(1) of the Local Government and Housing Act 1989; and the Scrutiny Officer designated under section 9FB of the Local Government Act 2000 (and the expressions “statutory officer” and “statutory office” are to be construed accordingly).

“Senior positions” are defined as the Chief Executive, direct reports to the Chief Executive and their direct reports – tiers one, two and three.

The Envoys shall be able to exercise:

1. All functions associated with the governance, scrutiny and transparency of strategic decision making by the Authority, including those relating to the approval, amendment or withdrawal of the Authority’s governance instruments, policies and procedures.
2. The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority’s financial affairs, and all functions associated with the strategic financial management, financial governance and scrutiny of financial decision making by the Authority, to include:
 - a. providing advice and challenge to the Authority on the setting, maintaining and monitoring of annual balanced budgets, the ongoing development of a robust medium term financial strategy (MTFS) for the Authority, and on financial reporting,
 - b. providing advice and challenge to the Authority on a suitable scheme of delegations for financial decision making and other relevant systems, policies and processes by which financial decisions are prepared, scrutinised and implemented,
 - c. ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority, including but not limited to decisions reasonably

required in response to external audit recommendations and proper procurement activity.

3. All functions associated with the Authority's operating model and redesign of the Authority's services to achieve value for money and financial sustainability, including those related to the approval of major service redesign proposals, and other decisions where material governance, financial or service outcome impacts are reasonably anticipated.
4. All functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as senior officers, and the designation of those persons as statutory officers, to include:
 - a. The functions of designating a person as a statutory officer and removing a person from a statutory office.
 - b. The functions under section 112 of the Local Government Act 1972 of:
 - i. appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and
 - ii. dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.
5. All functions to define the officer structure for the senior and statutory positions, to determine the recruitment processes and then to recruit the relevant staff to those positions.
6. All functions pertaining to the development, oversight and operation of an enhanced performance management and dismissal framework for officers holding senior and statutory positions.