



Department for
Communities and
Local Government

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

Dear Mayor Biggs,

16th Jan 2017

LONDON BOROUGH OF TOWER HAMLETS: REVISED INTERVENTION PACKAGE

I am writing to inform you that the Secretary of State for Communities and Local Government has today 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.

These Directions amend the Directions issued on 17 December 2014 and are consistent with the Secretary of State's 'minded to' letter of 2 December 2016 regarding the return of the grants-making functions to the Authority, subject to oversight arrangements, and to end the Commissioners' oversight of the processes and practices your Authority adopts for entering into contracts. In all other respects, the December 2014 Directions remain unchanged.

My letter of 2 December set out the context for those proposed Directions and the Secretary of State's reasons for making these proposals. My letter also invited your Authority to make such representations as it wished about the Secretary of State's proposals. On 15 December the Secretary of State received representations from you.

The Secretary of State is satisfied that the processes and practices your Authority adopts for entering into contracts, including how it implements its written procurement policies and procedures, are now compliant with the Best Value Duty. He has therefore decided to revoke the Direction issued to your Authority on 17 December 2014 (paragraph 7 of Annex A).

The Secretary of State is also satisfied that your Authority is now able to exercise functions in relation to the making of grants under any statutory power or duty, in compliance with the requirements of Part 1 of the 1999 Act. However the

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exercise of these functions should be subject to oversight arrangements to enable the Commissioners to advise and scrutinise the Authority and ensure its compliance with the Best Value Duty. The Secretary of State has therefore decided to revoke paragraphs 1 and 2 of Annex B to the 17 December 2014 Directions and to issue further Directions under section 15(5) and 15(6) of the 1999 Act in relation to Commissioner oversight arrangements.


The Secretary of State notes the comments you make regarding the importance of the Authority being able to undertake this function without the need for case-by-case approval from the Commissioners. He also notes your request for further clarification on this matter. The Secretary of State believes it should be a matter for the Commissioners, given their expertise in local government and specifically in Tower Hamlets, and the opportunity they will have to look closely at the details of these matters and how they will work in practice, to decide exactly what arrangements should be put in place. Likewise, it may be sensible for the Commissioners to grant block approval to certain types of grants; the Secretary of State believes that this is most appropriately decided by a discussion between the Commissioners and the Authority.

The Secretary of State welcomes your update on the by-election in the Ward of Whitechapel, held on 1 December, and your observation that it was well planned and well conducted. He also notes your appeal to reconsider his position on related Directions. The Secretary of State remains of the view that he is not minded to return functions in relation to the appointment of persons to and the removal of persons from the statutory offices of Electoral Registration Officer and Returning Officer for Local Elections (paragraphs 3 and 4 of Annex B to the 17 December 2014 Directions) to the Authority at this time. However he will consider this and related evidence in any future decisions he will take in respect of these Directions.

In recognition of progress made by the Authority over the past two years, the Secretary of State confirms that he intends to reduce the Commissioner team from four to three. He notes your concern regarding the cost of supporting Commissioners to local taxpayers. The Commissioners ensure that their time spent on Tower Hamlets business is proportionate.

The Secretary of State would like to take this opportunity to express his disappointment with having to cancel his visit to Tower Hamlets last month due to urgent parliamentary business. He hopes to reschedule the visit soon and his office will be in touch shortly to finalise arrangements.

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

Regards,


ALEX POWELL

DIRECTIONS UNDER SECTION 15(5) AND (6) OF THE LOCAL GOVERNMENT ACT 1999 TO THE COUNCIL OF THE LONDON BOROUGH OF TOWER HAMLETS 2014

WHEREAS

1. The Secretary of State for Communities and Local Government (“the Secretary of State”) has carefully considered the following in respect of the council of the London Borough of Tower Hamlets (“the Authority”):
 - a. the Mayor of Tower Hamlets’ third six monthly report on progress against the Council’s Best Value Strategy and Action Plan, received by the Secretary of State on 20 September 2016;
 - b. the Tower Hamlets Commissioners’ report on progress with the intervention in Tower Hamlets, received by the Secretary of State on 11 October 2016; and
 - c. the representations made to him on 15 December 2014 by the Authority on the proposed revised intervention package.
2. The Secretary of State is satisfied that the Authority is able to exercise functions in relation to the making of grants under any statutory power or duty (paragraphs 1 and 2 of Annex B to the 17 December 2014 Directions), in compliance with the requirements of Part 1 of the Local Government Act 1999 (“the 1999 Act”). However the Secretary of State considers that the Authority’s exercise of these functions should be subject to oversight arrangements to enable the Commissioners to advise and scrutinise the Authority and ensure its compliance with the best value duty.
3. The Secretary of State is also satisfied that the processes and practices the Authority adopts for entering into contracts, including how it implements its written procurement policies and procedures, are now in compliance with Part 1 of the 1999 Act.
4. The Secretary of State, having considered the representations made by the Authority as required by section 15(9) of the 1999 Act, considers it necessary and expedient in accordance with his powers under section 15(5) and (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 1 of the 1999 Act, including the specific requirements of the Directions under section 15(5) and (6) of the 1999 Act issued on 17 December 2014.

NOW THEREFORE

5. Pursuant to his powers under section 15(5) and (6) of the 1999 Act, the Secretary of State directs the Authority to take the actions set out in the Annex to these Directions.

6. These Directions remain in force until 31 March 2017.

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

A handwritten signature in black ink, appearing to read 'Alex Powell', with a horizontal line underneath.

Alex Powell

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

Date: 16 January 2017

ACTION THE AUTHORITY IS REQUIRED TO TAKE

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

“the Authority” includes the Mayor, the Cabinet Members, any committee of sub-committee and any other person who has responsibility for the matter in question;

“the Direction Period” means the period beginning with the date of these Directions and ending on 31 March 2017;

“member of the Authority” includes the Mayor.

The actions to be taken by the Authority are:

- 1) For the Direction Period, subject to paragraph 2, to exercise under the direction of, and to the satisfaction of, the Commissioners all functions relating to the making of grants under any statutory power or duty, including any grants made pursuant to section 1 of the Localism Act 2011 (local authority’s general power of competence).
- 2) For the purpose of paragraph 1,
 - (a) paragraph 1 does not apply to grants made for the purposes of section 23 of the Housing Grants, Construction and Regeneration Act 1996 under section 24 of that Act (i.e. Disabled Facilities Grant);
 - (b) functions include any functions incidental or consequential to the making of grants other than any functions provided for by Chapter 3 of Part 1 of the Local Government Finance Act 1992.
- 3) The Authority will be obliged to continue to undertake the actions outlined in paragraphs 2, 3, 4, 5, 6, 8, 9, 10 and 11 of Annex A and paragraphs 3, 4 and 5 of Annex B to the 17 December 2014 Directions for the retained functions.

