TOWER HAMLETS

Meeting of the

OVERVIEW & SCRUTINY COMMITTEE

_____

Tuesday, 7 June 2011 at 7.00 p.m.

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A G E N D A

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VENUE
Room M71, 7th Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

Members:	Deputies (if any):
Chair: Councillor Ann Jackson **Vice-Chair:** **Councillor Tim Archer** **Councillor Rachael Saunders** **Councillor Stephanie Eaton** **Councillor Fozol Miah** **Councillor Sirajul Islam** **Councillor Amy Whitelock** **Councillor Zenith Rahman** **Councillor Helal Uddin**	Councillor Peter Golds, (Designated Deputy representing Councillor Tim Archer) Councillor David Snowdon, (Designated Deputy representing Councillor Tim Archer) Councillor Harun Miah, (Designated Deputy representing Councillor Fozol Miah) Councillor Judith Gardiner, (Designated Deputy representing Sirajul Islam, Ann Jackson, Rachael Saunders, Zenith Rahman, Helal Uddin and Amy Whitelock Councillor Ahmed Adam Omer, (Designated Deputy representing Ann Jackson, Sirajul Islam, Zenith Rahman, Helal Uddin and Amy Whitelock) Councillor Bill Turner, (Designated Deputy representing Ann Jackson, Sirajul Islam, Zenith Rahman, Helal Uddin and Amy Whitelock)
[Note: The quorum for this body is 3 voting Members].	

Co-opted Members:

1 Vacancy	–	(Parent Governor Representative)
Mr Mushfique Uddin	–	(Muslim Community Representative)
Vacancy	–	Roman Catholic Diocese of Westminster Representative
Canon Michael Ainsworth	–	(Church of England Diocese Representative)
Jake Kemp	–	(Parent Govenor Representative)
Rev James Olanipekun	–	(Parent Governor Representative)

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact:

Amanda Thompson, Democratic Services,

Tel: 020 7364 4651, E-mail: amanda.thompson@towerhamlets.gov.uk

LONDON BOROUGH OF TOWER HAMLETS

OVERVIEW & SCRUTINY COMMITTEE

Tuesday, 7 June 2011

7.00 p.m.

SECTION ONE

1. ELECTION OF VICE-CHAIR FOR THE MUNICIPAL YEAR 2010-2011

To receive nominations for the election of the Vice-Chair.

2. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

3. DECLARATIONS OF INTEREST

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Chief Executive.

4. UNRESTRICTED MINUTES   **3 - 12**

To confirm as a correct record of the proceedings the unrestricted minutes of the meeting of the Overview and Scrutiny Committee held on 10 May 2011.

5. REQUESTS TO SUBMIT PETITIONS

To be notified at the meeting.

6. SECTION ONE REPORTS 'CALLED IN'

There were no Section One reports 'called in' from the meeting of Cabinet held on 11 May 2011.

7. OVERVIEW AND SCRUTINY PROCEDURAL MATTERS

7 .1 Overview & Scrutiny Committee Terms of Reference,   **13 - 42**
Membership, Quorum, Dates of meetings, Protocols
and Guidance

7 .2 Appointment of Scrutiny Lead Members, Co-options to   **43 - 50**
Overview and Scrutiny Committee, Health Scrutiny
Panel Terms of Reference and Appointments

8. BUDGET AND POLICY FRAMEWORK ISSUES

8 .1 **Tower Hamlets Community Plan Refresh 2011**

Note: Appendix 1 to the report has been circulated in conjunction with this agenda to Members of the Overview and Scrutiny Committee and made available in the two Group rooms, Council Website and put on deposit at the Town Hall Mulberry Place. Should members of the Authority or members of the public wish to have a full copy of this appendix they should contact Mr K. Kewin Deputy Service Head Strategy and Performance, Chief Executive's on the following number 0207 364 4075 or by email Kevin.kewin@towerhamlets.gov.uk .

(Time allocated – 30 minutes)

9. PERFORMANCE MONITORING

9 .1 **Corporate Complaints and Social Care Complaints**
Annual Report 2010 - 2011

(Time allocated – 20 minutes)

10. SCRUTINY MANAGEMENT

10 .1 **Report of the Scrutiny Working Group - Supporting**
new Communities

(Time allocated – 10 minutes)

10 .2 **Report of the Scrutiny Working Group - Empowering**
Small and Medium Size Enterprises

(Time allocated – 15 minutes)

11. PRE-DECISION SCRUTINY OF SECTION ONE (UNRESTRICTED) CABINET PAPERS

(Time allocated – 10 minutes).

12. ANY OTHER SECTION ONE (UNRESTRICTED) BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

13. EXCLUSION OF THE PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion:

"That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972."

EXEMPT/CONFIDENTIAL SECTION (Pink Papers)

The exempt committee papers in the agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

14. SECTION TWO REPORTS 'CALLED IN'

There were no Section Two reports 'called in' from the meeting of Cabinet held on 11 May 2011.

15. PRE-DECISION SCRUTINY OF SECTION TWO (RESTRICTED) CABINET PAPERS

(Time allocated - 5 minutes).

16. ANY OTHER SECTION TWO (RESTRICTED) BUSINESS THAT THE CHAIR CONSIDERS URGENT

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DECLARATIONS OF INTERESTS - NOTE FROM THE CHIEF EXECUTIVE
FOR MEMBERS OF THE OVERVIEW & SCRUTINY COMMITTEE

This note is guidance only. Members should consult the Council's Code of Conduct for further details. Note: Only Members can decide if they have an interest therefore they must make their own decision. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending at a meeting.

Declaration of interests for Members

Where Members have a personal interest in any business of the authority as described in paragraph 4 of the Council's Code of Conduct (contained in part 5 of the Council's Constitution) then s/he must disclose this personal interest as in accordance with paragraph 5 of the Code. Members must disclose the existence and nature of the interest at the start of the meeting and certainly no later than the commencement of the item or where the interest becomes apparent.

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

(a) An interest that you must **register**

(b) An interest that is not on the register, but where the well-being or financial position of you, members of your family, or people with whom you have a close association, is likely to be affected by the business of your authority more than it would affect the majority of inhabitants of the ward affected by the decision.

Where a personal interest is declared a Member may stay and take part in the debate and decision on that item.

What constitutes a prejudicial interest? - Please refer to paragraph 6 of the adopted Code of Conduct.

Your personal interest will also be a prejudicial interest in a matter if (a), (b) and either (c) or (d) below apply:-

(a) A member of the public, who knows the relevant facts, would reasonably think that your personal interests are so significant that it is likely to prejudice your judgment of the public interests; AND

(b) The matter does not fall within one of the exempt categories of decision listed in paragraph 6.2 of the Code; AND EITHER

(c) The matter affects your financial position or the financial interest of a body with which you are associated; or

(d) The matter relates to the determination of a licensing or regulatory application

The key points to remember if you have a prejudicial interest in a matter being discussed at a meeting:-

i. You must declare that you have a prejudicial interest, and the nature of that interest, as soon as that interest becomes apparent to you; and

ii. You must leave the room for the duration of consideration and decision on the item and not seek to influence the debate or decision unless (iv) below applies; and

1

iii. You must not seek to <u>improperly influence</u> a decision in which you have a prejudicial interest.

iv. If Members of the public are allowed to speak or make representations at the meeting, give evidence or answer questions about the matter, by statutory right or otherwise (e.g. planning or licensing committees), you can declare your prejudicial interest but make representations. However, you must immediately leave the room once you have finished your representations and answered questions (if any). You cannot remain in the meeting or in the public gallery during the debate or decision on the matter.

<u>There are particular rules relating to a prejudicial interest arising in relation to Overview and Scrutiny Committees</u>

- You will have a prejudicial interest in any business before an Overview & Scrutiny Committee or sub committee meeting where <u>both</u> of the following requirements are met:-

  (i) That business relates to a decision made (whether implemented or not) or action taken by the Council's Executive (Cabinet) or another of the Council's committees, sub committees, joint committees or joint sub committees

  (ii) You were a Member of that decision making body at the time <u>and</u> you were present at the time the decision was made or action taken.

- If the Overview & Scrutiny Committee is conducting a review of the decision which you were involved in making or if there is a 'call-in' you may be invited by the Committee to attend that meeting to answer questions on the matter in which case you must attend the meeting to answer questions and then leave the room before the debate or decision.

- If you are not called to attend you should not attend the meeting in relation to the matter in which you participated in the decision unless the authority's constitution allows members of the public to attend the Overview & Scrutiny for the same purpose. If you do attend then you must declare a prejudicial interest even if you are not called to speak on the matter and you must leave the debate before the decision.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE

HELD AT 7.00 P.M. ON TUESDAY, 10 MAY 2011

M71, 7TH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT, LONDON, E14 2BG

Members Present:

Councillor Ann Jackson (Chair)

Councillor Zenith Rahman
Councillor Rachael Saunders
Councillor Stephanie Eaton
Councillor Fozol Miah

Councillor Peter Golds

Co-opted Members Present:

Mr Mushfique Uddin	–	(Muslim Community Representative)
Jake Kemp	–	(Parent Govenor Representative)
Rev James Olanipekun	–	(Parent Governor Representative)

Other Councillors Present:

Councillor Ohid Ahmed
Councillor Rabina Khan
Councillor Kabir Ahmed

Guests Present:

Mayor Lutfur Rahman	–	(Mayor)

Officers Present:

Afazul Hoque	–	(Scrutiny Policy Manager, Scrutiny & Equalities, Chief Executive's)
David Galpin	–	(Head of Legal Services (Community), Legal Services, Chief Executive's)
Kevan Collins	–	(Chief Executive)
Aman Dalvi	–	(Corporate Director, Development & Renewal)
John Coker	–	(Strategic Housing Manager, Development & Renewal)
Michael Keating	–	(Service Head, One Tower Hamlets)
Tony Finnegan	–	(Acting Head of Media, Communications, Chief Executive's)

Chris Saunders	–	(Political Advisor to the Labour Group, Chief Executive's)
Robert Driver	–	(Communications Officer, Communications, Chief Executive's)
Amanda Thompson	–	(Team Leader - Democratic Services)

1.   APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Tim Archer, Ahmed Omer, and Lesley Pavitt.

Councillor Peter Golds was present as a substitute for Councillor Archer.

2.   DECLARATIONS OF INTEREST

Councillor Rabina Khan declared a personal and prejudicial interest in agenda item 5.1 on the basis that she was a Member of the Cabinet when the original decision was taken, and she left the room during the Committee's decision making and voting on this item.

Councillor Stephanie Eaton declared a personal interest in agenda item 5.1 as she was the ward councillor.

3.   UNRESTRICTED MINUTES

The Chair **Moved** and it was:-

RESOLVED

That the unrestricted minutes of the meeting of the Overview and Scrutiny Committee held on 5 April 2011 be approved and signed by the Chair as a correct record of the proceedings.

4.   REQUESTS TO SUBMIT PETITIONS

None.

5.   SECTION ONE REPORTS 'CALLED IN'

5.1   Report Called In - Disposal of 63a Sewardstone Road (The Stables)

Further to her respective declaration of a personal and prejudicial interest, Councillor Rabina Khan left the room during the Committee's decision making and voting on this item.

Mayor Lutfur Rahman who had not been present for the previous agenda item also left the room during this time.

Prior to the presentation of the call-in the Committee heard representation from the Grand Union Housing Co-operative (GUHC) who were proposing to purchase the property at market value.

Councillor Stephanie Eaton, on behalf of the call-in Members, then detailed the reasons for the Call-in, expressing her concern at the length of time it had taken a decision to reach Cabinet and the potential effect it would have on the current occupants of the site.

The Cabinet Member for Housing, Councillor Rabina Khan, supported by Aman Dalvi, Corporate Director, Development and Renewal, and John Coker, Strategic Housing Manager, responded on behalf of the Cabinet commenting that the option of the Council continuing the original process of disposal to GUC for the nominal sum of £1 was no longer legally possible as the Disposal Consents had been changed since that original decision. Property held in the HRA must be shown to achieve best value, and an open market sale would provide additional transparency to the disposal process.

Councillor Khan stated that the Service Head, Asset Management, considered that the most appropriate method of disposal in this case was by auction and the GUHC were welcome to make a bid.

In response to questions Councillor Khan advised that there was a combination of exceptional factors which had led to the failure of the 2001 decision not being implemented. These factors included the property being squatted, the development of the ALMO and lengthy court delays in gaining possession.

The original decision to dispose of the property for a nominal sum was arrived at on the basis that GUC would use 63a Sewardstone Road as office accommodation, and nominations would be provided to the council from a number of other properties made available through refurbishments resulting from the sale.

After considering the views and comments made by the Members presenting the call-in, the Cabinet Member for Housing, Councillor Rabina Khan, and the officers, the Committee

RESOLVED

to refer the matter back to the Cabinet with a request that further consideration be given to the following alternative course of action proposed by the call-in Members:

That a long leasehold interest in the property at 63a Sewardstone Road be sold to the Grand Union Cooperative based on market value at current

designation taking into account their reasonable costs for maintenance and expenditure on the property, with nomination rights to the social tenancy of a 2/3 bedroom property.

6.   SCRUTINY SPOTLIGHT

The Chair invited Mayor Lutfur Rahman, supported by the Council's Chief Executive, Kevan Collins, to address the Committee in his first Scrutiny Spotlight as Executive Mayor.

Mayor Rahman thanked Members of the Committee for their excellent work over the past year, and stressed that the role of Overview and Scrutiny and their contributions had helped to ensure that residents got the excellent services they deserved.

The Mayor referred to the coalition government's spending review and benefit changes which were negatively affecting a large section of local residents, especially those most vulnerable, and advised that despite these challenges, council tax had been frozen for the second consecutive year, key frontline services such as libraries, youth services and after schools facilities had been safeguarded, and Tower Hamlets was the only council in the country not charging for homecare.

A programme of transformation had been implemented which was designed to make the organisation more lean, flexible and citizen centred:

HOUSING

- In 2010/11, 737 new affordable homes have been delivered – while an additional 310 affordable homes would be delivered within the next few months
- 214 of these were socially rented family sized homes.
- £4.3 million of extra funding secured through the New Homes Bonus based on our 2009/10 housing delivery performance – the best result nationally.
- £94.5 million worth of Decent Homes money secured for investment in council housing over the next five years
- Ocean Estate - 497 units have had their internal refurbishment works completed
- Blackwall Reach - 1,600 new homes, and the creation of new open spaces and better shops and community facilities.

EMPLOYMENT

- 4,374 jobs provided through the Working Neighbourhoods Fund

- The new Employment Strategy would be agreed by Cabinet on 11th May.
- Priority for residents to access 1000 Olympics jobs.
- £4 million external funding for 'the High Street 2012 Project'

EDUCATION/ YOUTH

- Achievement of 5 or more A*- C grades at GCSE or equivalent including English and Maths has gone up to 51.8%.
- Reduction in the number of NEETs – down to just 5.3%.
- No cuts in youth services provision
- No reduction in the number of front line staff working with vulnerable young people, those at risk of crime, substance misuse or teenage pregnancy
- St Paul's Way Trust School opened in January 2011.
- £60 million secured for secondary school refurbishment
- 2 million visits to Idea Stores and libraries in the last year - the loan of CDs and DVDs would now be free.
- Idea Store Watney Market – due to open in the summer of 2012.

COMMUNITY SAFETY/ COHESION

- Violent crime down by 17.29%, including Gun Crime down by 46%.
- 409 arrests made under the Council funded 'Dealer a Day' initiative.
- The taskforce and deployment of the 21 additional police officers is progressing. A management team from the Partnership has been formed - the Inspector for the team and 14 constables have been appointed.

ENVIRONMENT

- Recycling had shown a massive improvement from 9% in 2005/2006 to 26.51% in 2009/10.
- A £12 million project to improve Victoria Park for current and future generations was underway.

HEALTH AND WELLBEING

- 29.6% decrease in the under 18 conception rate; compared with a London decrease of 20.3% and a national decrease of 18.1%.
- Targets for residents stopping smoking had been exceeded

- Council judged to be 'overall performing excellently' for the 7th year in succession by the Care Quality Commission, placing Tower Hamlets within the top 5 Councils in the country with Adult Social Services Responsibility.

ARTS, HERITAGE AND LEISURE

- The refurbished Bancroft Library had been reopened
- The refurbishment of Poplar Baths was well under way

In conclusion the Mayor stated that One Tower Hamlets – reducing inequality, fostering community cohesion and building community leadership – remained even more vital and he would continue to strive for the very best for the Borough.

The following question and answer session was centred on the reorganisation of the existing two Council directorates of Children, Schools and Families and Adults, Health and Wellbeing into one new unified directorate with one Executive Director.

The Mayor stressed that the safeguarding of both vulnerable adults and children was paramount, and no appointment would be made unless the candidate was exceptional.

The Chief Executive advised that many other authorities had already made the change with excellent results, and he was confident that the core processes currently in place could be built upon in order to achieve this. Ensuring the safety of vulnerable adults and children was not down to just one director, but to the work of the staff below them as well.

Members of the Committee also asked questions in relation to Mayoral decision-making, Community Land Trusts, crime and disorder, Rich Mix, unemployment and overcrowding.

The Chair thanked the Mayor and the Chief Executive for their presentation and their responses to questions.

7.   PARTNERSHIP SCRUTINY SPOTLIGHT

The Chair welcomed Paul Ricketts, Borough Commander, and Gavin Dooley from the Council's Community Safety team, to the Committee's first partnership scrutiny session.

The Chair advised that anti-social-behaviour (ASB) and the fear of crime was a priority for residents, and had been identified as the greatest area for public concern in the Annual Residents Survey.

Commander Ricketts referred to the latest individual crime statistics for Tower Hamlets which unfortunately had increased from the previous year, however these were still considerable lower than those of 5 years previously.

ASB could not be tackled in isolation as drug crime for example often led to other types of crime such as burglary and robbery. The impact of the recession on individuals wellbeing could also be linked to the rises in crime.

Commander Ricketts outlined the following future challenges and opportunities:

• The impact of the Comprehensive Spending Review – 20% cuts in resources
• MPS TP Change programme
• Safer Neighbourhood Review
• Public Access Review (Front office reductions)
• Community Safety Partnership restructure (VOLT)
• Localisation Agenda and the relocation of co-enforcement officers within the community
• Partnership Task Force (ASB and Drugs harm reduction)

Mr Dooley reported that improved partnership working had resulted in:

• Borough-wide drinking control zone
• Saturation Policy for Brick Lane town Centre
• Introduction of multi-agency group to deal with entrenched street drinkers & drug users
• Improved performance regarding reported crime & ASB
• Improved Annual Residence Survey results

Mr Dooley further advised that the Tower Hamlets Enforcement Officers (THEOS) would focus on:

• Youth related anti-social behaviour
• Street Drinking & disorder
• Dog fouling
• Littering, graffiti and fly-posting
• Illegal street trading

In response to questions Commander Ricketts advised that although 24hr police stations provided reassurance for people, there was also a need to keep officers on the streets, however other options such as neighbourhood

surgeries would help close the gap. The feasibility of a new custody suite at Limehouse police station was currently being assessed, as well as a police presence at the Royal London Hospital. While uniformed officers were generally considered to be a deterrent to crime, this had to be weighed up against the whole range of crime that was tackled by plain-clothed officers.

The Chair thanked Commander Ricketts and Mr Dooley for their attendance and response to questions.

8. SCRUTINY MANAGEMENT

8.1 Scrutiny Challenge Session: Customer Care - Tower Hamlets Homes Housing Repairs Service

The Chair introduced the report detailing the outcome of the scrutiny challenge session on the repairs service offered by Tower Hamlets Homes.

The session was structured to allow for dialogue between those who were raising concerns and those providing the repairs service. Residents and Councillors used the time to discuss their concerns and made suggestions for addressing these.

The Chair **Moved** and it was

RESOLVED

That the recommendations contained within the report be agreed.

8.2 Public Perceptions of Parking - Report of the Scrutiny Working Group

The Chair introduced the report and recommendations of the Public Perceptions of Parking Scrutiny Working Group, the aim of which had been to develop a more sophisticated understanding of residents concerns about parking issues.

The Chair **moved** and it was

RESOLVED

(1)   That the report be agreed.

(2)   That the Service Head for One Tower Hamlets be authorised to amend the draft report before submission to Cabinet, after consultation with the Scrutiny Lead for A Great Place to Live.

8.3 Overview and Scrutiny Committee Annual Report 2010/2011

The Chair introduced the report which provided a summary of the work undertaken by the Committee and Scrutiny Lead Members during the municipal year 2010/1, and formed the basis of the Overview and Scrutiny Annual report that would be reported to a future Council meeting.

The Chair **Moved** and it was:

RESOLVED

1)   That the report be submitted to Full Council.

2)   That the Service Head, One Tower Hamlets be authorised to amend the final report before its submission to Council, after consultation with the Chair and relevant Scrutiny Leads.

9.   PRE-DECISION SCRUTINY OF SECTION ONE (UNRESTRICTED) CABINET PAPERS

None received.

10.   EXCLUSION OF THE PRESS AND PUBLIC

The Chair **Moved** and it was: -

Resolved:

That in accordance with the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contained information defined as exempt or confidential in Part 1 of Schedule 12A to the Local Government, Act 1972.

The meeting ended at 9.10 p.m.

Chair, Councillor Ann Jackson
Overview & Scrutiny Committee

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Committee	Date	Classification	Report No.	Agenda Item No. 7.1
Overview & Scrutiny Committee	7 June 2011	Unrestricted		

Report of: Assistant Chief Executive **Originating Officer(s) :** Amanda Thompson, Team Leader Democratic Services	Title : Overview & Scrutiny Committee Terms of Reference, Membership, Quorum, Dates of meetings, Protocols and Guidance **Ward(s) affected:** All

1. Summary

1.1 This report sets out the Terms of Reference, Membership, Quorum and Dates of meetings of the Overview & Scrutiny Committee for the Municipal Year 2011/12.

1.2 The report also sets out suggested protocols and guidance to facilitate the conduct of the Committee's business and thereby meet its statutory and constitutional requirements.

2. Recommendation

2.1 That the Overview & Scrutiny Committee note its Terms of Reference, Membership, Quorum, Dates of future meetings and timing thereof, as set out in Appendices 1, 2 and 3 to this report;

2.2 That the Overview & Scrutiny Committee adopt the protocols and note the guidance to facilitate the conduct of the Committee's business, in line with statutory and constitutional requirements, as set out at Appendix 4 to this report.

3. Background

3.1 At the Annual General Meeting of the full Council held on 18 May 2011, the Authority approved the proportionality, establishment of the Committees and Panels of the Council and appointment of Members thereto.

3.2 It is traditional that following the Annual General Meeting of the Council at the start of the Municipal Year, at which various committees are established, that those committees note their terms of reference, Membership and Quorum for the forthcoming Municipal Year. These are set out in Appendix 1 and 2 to the report respectively.

3.3 The Committee's meetings for the remainder of the year, confirmed by the Council (new membership) on 18 May 2011 are as set out in Appendix 3 to this report.

3.4 Meetings are scheduled to take place at 7.00pm in accordance with the programme of meetings.

4. Protocols for the conduct of business

4.1 The protocols and guidance attached at Appendix 4 to this report have been prepared with the intention of assisting the Committee to carry out its Constitutional and statutory obligations. They provide a viable framework for the practical functioning of the Committee and outline how the Committee will manage its work.

5. Comments of the Chief Financial Officer

5.1 This report describes the Terms of Reference, Membership, Quorum and Dates of meetings of the Overview & Scrutiny Committee for the Municipal Year 2011/12 for the information of members of the Committee.

5.2 There are no specific financial implications arising from the reports recommendations however in the event that the Council agrees further action in response to this report's recommendations then officers will be obliged to seek the appropriate financial approval before further financial commitments are made.

6. Concurrent report of the Assistant Chief Executive (Legal)

6.1 Section 21 of the Local Government Act 2000 requires authorities to set up an Overview and Scrutiny Committee. The report properly informs the Committee of the Constitutional arrangements and proposes protocols and guidance for adoption by the Committee to supplement the implementation of those arrangements.

7. One Tower Hamlets Considerations

7.1 Equal opportunities and reducing poverty will be central to the work of the OSC. The report will allow the Committee and its members to function well over the coming year and work towards reducing poverty in the borough and improve equal opportunities.

8. Sustainable Action for a Greener Environment

8.1 There are no specific SAGE implications arising from the recommendations in the report.

9. Risk Management Implications

9.1 The adoption of the protocols and guidance set out in Appendix 1 will assist in the effective and efficient functioning of the OSC and therefore reduce the risk of poor delivery of the Council's Overview and Scrutiny function.

10. Crime and Disorder Reduction Implications

10.1 The report indicates for Member's information that the Overview and Scrutiny Committee has within its Terms of Reference the discharge of functions required of the Authority under the provisions of the Police and Justice Act 2006.

11. Appendices

Appendix 1 Overview and Scrutiny Procedure Rules
Appendix 2 Overview and Scrutiny Committee Membership 2011/12
Appendix 3 Overview and Scrutiny Committee Meeting Dates 2011/12
Appendix 4 Overview and Scrutiny Committee Protocols and guidance for conduct of business

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LOCAL GOVERNMENT ACT, 1972 SECTION 100D (AS AMENDED)
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background paper"

If not supplied
Name and telephone
number of holder

n/a

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APPENDIX 1

OVERVIEW AND SCRUTINY COMMITTEE PROCEDURE RULES

1. THE ARRANGEMENTS FOR OVERVIEW AND SCRUTINY

1.1 The Council will establish the Overview and Scrutiny Committee and Sub-Committees or Scrutiny Panels set out in Article 6. The Council will appoint the Chair and Members of the Overview and Scrutiny Committee and the Overview and Scrutiny Committee will appoint the Chair and Members of the Sub-Committees or Scrutiny Panels. The Vice-Chair of each Committee and Sub-Committee/Panel shall be appointed by the Committee or, as the case may be, Sub-Committee/Panel itself.

1.2 There will be one standing Scrutiny Panel to discharge the Council's functions under the Health and Social Care Act 2001. There will be such other Scrutiny Panels during the course of the municipal year as the Committee considers appropriate from time to time to carry out individual reviews under the Overview and Scrutiny work programme.

1.3 The Overview and Scrutiny Committee will comprise nine Members of the Council and six co-opted members. Up to three substitutes may be appointed for each Councillor. Its terms of reference are:

(a) The performance of all overview and scrutiny functions on behalf of the Council.

(b) The appointment of such Sub-Committees (Scrutiny Panels) as it considers appropriate to fulfil those functions, determining those Scrutiny Panels' composition (including any co-opted Members) and terms of reference.

(c) To approve an annual overview and scrutiny work programme including the work programme of any Scrutiny Panels it appoints to ensure that there is efficient and effective use of the Committee's time and the time of the Council's Scrutiny Panels.

(d) To advise the Mayor and Cabinet of key issues/questions to be considered in relation to reports due to be considered by the Executive.

(e) To exercise the right to call in for reconsideration any executive decisions taken but not yet implemented.

(f) To determine whether to request full Council to review or scrutinise any decision called in, where considered contrary to the budget and policy framework and whether to recommend that the decision be reconsidered.

(g)   To receive and consider requests from the Executive for scrutiny involvement in the annual budget process.

(h)   To monitor the Executive's forward plan to ensure that appropriate matters are subject to scrutiny.

(i)   To consider any matters relevant to the remit of the Committee required by a Committee Member to be considered under s.21 (8) Local Government Act 2000.

(j)   To consider any local government matter referred to the Committee by a Councillor in accordance with section 119 of the Local Government and Public Involvement in Health Act 2007.

(k)   To discharge the functions conferred by the Police and Justice Act 2006 as the Council's Crime and Disorder Committee.

1.4   The Health Scrutiny Panel will undertake the Council's functions under the Health and Social Care Act 2001 and consider matters relating to the local health service as provided by the NHS and other bodies including the Council:

(a)   To review and scrutinise matters relating to the health service within the Council's area and make reports and recommendations in accordance with any regulations made thereunder;

(b)   To respond to consultation exercises undertaken by an NHS body; and

(c)   To question appropriate officers of local NHS bodies in relation to the policies adopted and the provision of the services.

1.5   The membership of individual Scrutiny Panels and their terms of reference will be determined by the Overview and Scrutiny Committee. They will include the following:

(a)   To investigate, scrutinise, monitor and advise in relation to:

- How services are being delivered and the Council's functions discharged.
- How policies have been implemented and their effect on the Council's corporate strategies (i.e. equal opportunities, anti-poverty and crime and disorder).
- The development of relevant policy.
- How resources are being used, spent and managed.
- Any other matter, relevant to the specific remit of the Scrutiny Panels, which affects the Council's area or any of its inhabitants.

2. WHO MAY SIT ON OVERVIEW AND SCRUTINY?

2.1 All Councillors except Members of the Executive may be Members of the Overview and Scrutiny Committee and Scrutiny Panels. However, no Member may be involved in scrutinising a decision in which s/he has been directly involved.

2.2 The Overview and Scrutiny Committee will select from among its Councillor Members six lead Scrutiny Members, one for each of the themes set out in Article 6.04 of this Constitution. These themes may be subject to change from time to time.

2.3 The Lead Scrutiny Member for a Healthy Community shall be appointed as a member and Chair of the Health Scrutiny Panel.

3. CO-OPTEES

3.1 The Overview and Scrutiny Committee will be responsible for approving co-opted Members for the Scrutiny Panels. Co-opted Members will be non-voting.

4. EDUCATION REPRESENTATIVES

4.1 The Overview and Scrutiny Committee must include in its membership the following voting representatives in respect of education matters:

4.1.1 One Church of England diocese representative;

4.1.2 One Roman Catholic diocese representative; and

4.1.3 Three parent governor representatives elected under the procedures contained in the Parent Governor Representatives (England) Regulations 2001.

This Rule and Rule 4.2 and 4.3 below also apply to any Scrutiny Panel established in respect of education matters.

4.2 The Committee may also include a Muslim representative in a non-voting capacity.

4.3 These Members may speak but not vote on any other (i.e. non educational) matters.

5. MEETINGS

5.1 The Overview and Scrutiny Committee shall meet in accordance with the calendar of meetings approved by the Council. The Chair of the

Committee may call an extraordinary meeting of the Committee at any time subject to the ordinary rules on the convening of meetings and the Access to Information Procedure Rules.

5.2 The Scrutiny Panels shall meet in accordance with a timetable agreed by the Overview and Scrutiny Committee, but will establish their own pattern of meetings within this framework and the Chair of Scrutiny may decide to lead any scrutiny panels.

6. QUORUM

6.1 The quorum for the Overview and Scrutiny Committee and the Scrutiny Panels shall be three voting Members.

7. WHO CHAIRS THE OVERVIEW AND SCRUTINY COMMITTEE AND THE SCRUTINY PANELS

7.1 The Chair of the Overview and Scrutiny Committee and the Chairs of the Scrutiny Panels will be drawn from among the Councillors sitting on the Committee.

7.2 The Council shall appoint a Member to serve as Chair of the Overview and Scrutiny Committee. If the Council does not, and subject to the requirement at 7.1 above, the Committee may appoint such a person as it considers appropriate as Chair.

8. WORK PROGRAMME

8.1 The Overview and Scrutiny Committee will be responsible for agreeing the overview and scrutiny work programme for the year.

9. AGENDA ITEMS

9.1 Any Member of the Overview and Scrutiny Committee and/or any Scrutiny Panel shall be entitled to give notice to the Assistant Chief Executive (Legal Services) that s/he wishes an item relevant to the functions of the Committee to be included on the agenda for the next available meeting. On receipt of such a request the Assistant Chief Executive (Legal Services) will ensure that it is included on the next available agenda provided that it is relevant to the Committee work programme.

9.2 The Overview and Scrutiny Committee shall also respond, as soon as its work programme permits, to requests from the Council and if it considers it appropriate the Mayor or Executive to review particular areas of Council activity. Where they do so, the Overview and Scrutiny Committee shall report their findings and any recommendations back to the Mayor/Executive and/or Council. The Executive shall consider the matter at one of its next two meetings

following receipt of the report. If the matter is relevant to the Council only then will they consider the report at their next meeting.

9.3   Any Member of the Council may refer to the Overview and Scrutiny Committee a local government matter in accordance with section 119 of the Local Government and Public Involvement in Health Act 2007. In relation to any matter referred under this provision, the Committee shall consider whether or not to exercise its powers under section 21B of the Local Government Act 2000 to make a report or recommendation(s) to the authority or the executive on the matter.

9.4   A "local government matter" at 9.3 above is one that: (a) relates to the discharge of any function of the authority; (b) affects all or part of the Member's electoral area or any person who lives or works in that area; and (c) is not an excluded matter. Excluded matters are: any matter relating to a planning decision; any matter relating to a licensing decision; any matter relating to an individual in respect of which the individual has a right of appeal; and any matter which is vexatious, discriminatory or not reasonable to be included in the agenda for, or disclosed at, the Overview and Scrutiny Committee or Panel.

9.5   If the Committee decides not to exercise any of its powers in relation to a matter referred to it under 9.3 above, it shall notify the Member who referred the matter of its decision and the reasons for it. If the Committee does make any report or recommendation(s) to the authority or the executive on the matter referred, it shall provide the Member with a copy of that report or recommendation(s), subject to the provisions of section 21D of the Act regarding confidential or exempt information.

10.   POLICY REVIEW AND DEVELOPMENT

10.1   The role of the Overview and Scrutiny Committee in relation to the development of the Council's budget and policy framework is set out in detail in the Budget and Policy Framework Procedure Rules.

10.2   In relation to the development of the Council's approach to other matters not forming part of its policy and budget framework, the Overview and Scrutiny Committee may make proposals to the Mayor or Executive for developments in so far as they relate to matters within its terms of reference.

10.3   The Overview and Scrutiny Committee or any Scrutiny Panel established for this purpose may hold enquiries and investigate the available options for future direction in policy development and may appoint advisers and assessors to assist them in this process. They may go on site visits, conduct public surveys, hold public meetings,

commission research and do all other things that they reasonably consider necessary to inform their deliberations. They may ask witnesses to attend to address them on any matter under consideration and may pay to any advisers, assessors and witnesses a reasonable fee and expenses for doing so.

11. REPORTS FROM OVERVIEW AND SCRUTINY

11.1 All reports from Scrutiny Panels must first be considered by the Overview and Scrutiny Committee. Once it has formed recommendations on proposals for development, the Overview and Scrutiny Committee will prepare a formal report and submit it to the Assistant Chief Executive (Legal Services) for consideration by the Mayor or Executive (if the proposals are consistent with the existing budgetary and policy framework) or to the Council as appropriate (e.g. if the recommendation would require a departure from or a change to the agreed budget and policy framework).

11.2 The Executive shall consider the report of the Overview and Scrutiny Committee one of its next two meetings following submission of the report to the Assistant Chief Executive (Legal Services). The Council will consider the report at its next ordinary meeting if appropriate.

11.3 Where the Overview and Scrutiny Committee makes a report or recommendations in relation to a local improvement target which relates to certain partner authorities, and is specified in a local area agreement of the authority, the Committee may in accordance with section 21C of the Local Government Act 2000 (as amended) by notice in writing require the relevant partner authority to have regard to the report or recommendation in question in exercising their functions. Such notice will be accompanied by a copy of the report or recommendations (subject to the provisions of section 21D of the Act regarding confidential or exempt information. It is the duty of a relevant partner authority to which the notice is given to comply with the requirement specified in the notice.

12. MAKING SURE THAT OVERVIEW AND SCRUTINY REPORTS ARE CONSIDERED BY THE EXECUTIVE

12.1 Once the Overview and Scrutiny Committee has completed its deliberations on any matter it will forward a copy of its final report to the Assistant Chief Executive (Legal Services) who will allocate it to either the Executive or the Council for consideration in accordance with the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended) and the Local Authorities (arrangements for the Discharge of Functions) Regulations 2000.

12.2 If the Assistant Chief Executive (Legal Services) refers the matter to Council, s/he may first refer it to the Mayor or Executive, who will have two weeks in which to consider the Overview and Scrutiny

report and formulate any additional comments or recommendations. The Mayor or Executive will then refer the report, along with their own additional comments and recommendations, to the Council. When the Council does meet to consider any referral from an Overview and Scrutiny Committee, it shall also consider any additional comments or recommendations of the Mayor or Executive to the Overview and Scrutiny Committee proposals.

12.3 For the avoidance of doubt, the Mayor or Executive shall not alter or amend any Overview and Scrutiny Committee report before referring it to Council, but shall only make additional comments or recommendations (including any corporate, financial or legal implications) as may be appropriate. However, if the Council does not agree with the Mayor's or Executive's recommendations, the disputes resolution procedure in Part 4.3 – Budget and Policy Framework Procedure Rules – Rule 2 – will apply.

12.4 If the contents of the report would not have implications for the Council's budget and policy framework, and is thus not referred to Council by the Assistant Chief Executive (Legal Services), the Mayor or Executive will have 2 weeks in which to consider the matter and respond to the overview and scrutiny report.

12.5 Where the Overview and Scrutiny Committee makes a report or recommendations to the authority or the Mayor or Executive in accordance with section 21B of the Local Government Act 2000 as amended, the Committee shall by notice in writing require the authority or Mayor or Executive:-

(a) to consider the report or recommendations;
(b) to respond to the overview and scrutiny committee indicating what (if any) action the authority propose, or the Mayor or Executive proposes, to take;
(c) if the Overview and Scrutiny Committee has published the report or recommendations, to publish the response,
(d) if the Overview and Scrutiny committee provided a copy of the report or recommendations to a Member of the Authority under paragraph 9.4 of these Procedure Rules, to provide that Member with a copy of the response,

and to do so within two months beginning with the date on which the authority or Mayor or Executive received the report or recommendations or (if later) the notice.

12.6 It is the duty of the authority or Mayor or Executive to which a notice is given under 12.5 above to comply with the requirements specified in the notice.

13. RIGHTS OF COMMITTEE MEMBERS TO DOCUMENTS

13.1 In addition to their rights as Councillors, Members of the Overview and Scrutiny Committee or a Scrutiny Panel have such additional rights to documents, and to notice of meetings as may be set out in the Access to Information Procedure Rules in Part 4 of this Constitution.

13.2 Nothing in this paragraph prevents more detailed liaison between the Executive and the Overview and Scrutiny Committee as appropriate depending on the particular matter under consideration.

14. MEMBERS AND OFFICERS GIVING ACCOUNT

14.1 The Overview and Scrutiny Committee may scrutinise and review decisions made or actions taken in connection with the discharge of any Council function. As well as reviewing documentation, in fulfilling their role, they may require the Mayor, any other Member of the Executive, a Councillor, the Head of Paid Service and/or any senior officer to attend before it to explain in relation to matters within their remit:

14.1.1 any particular decision or series of decisions;

14.1.2 the extent to which the actions taken implement Council policy; and/or

14.1.3 their performance, within their area of responsibility; and it is the duty of those persons to attend as so required.

14.1.4 any function exercisable by a Councillor in accordance with any delegation made by the Council under section 236 of the Local Government and Public Involvement in Health Act 2007.

14.2 Where any Member or officer is required to attend the Overview and Scrutiny Committee or a Scrutiny Panel under this provision, the Chair of the Committee or Panel will inform the Chief Executive. The Chief Executive shall inform the Member or officer in writing giving at least 15 working days notice of the meeting at which s/he is required to attend. The notice will state the nature of the item on which s/he is required to attend to give account and whether any papers are required to be produced for the Committee or Panel Where the account to be given to the Committee will require the production of a report, then the Member or officer concerned will be given sufficient notice to allow for preparation of that documentation.

14.3 Where, in exceptional circumstances, the Member or officer is unable to attend on the required date, then the Committee or Panel shall in

consultation with the Member or officer arrange an alternative date for attendance, to take place within a maximum of 21 working days from the date of the original request.

15.   ATTENDANCE BY OTHERS

15.1   The Overview and Scrutiny Committee or a Scrutiny Panel may invite people other than those people referred to in Rule 14 above to address it, discuss issues of local concern and/or answer questions. It may for example wish to hear from residents, stakeholders and Members and officers in other parts of the public sector and shall invite such people to attend.

16.   CALL-IN

16.1   When a decision is made by the Mayor, the Cabinet, an individual Member of the Executive, a Committee of the Executive, or a key decision is made by an officer with delegated authority or under joint arrangements, the decision shall be published, including where possible by electronic means, and shall be available at the main offices of the Council normally within 5 working days of being made. Members of the Overview and Scrutiny Committee will be sent copies of the records of all such decisions within the same timescale, by the person responsible for publishing the decision.

16.2   That notice will bear the date on which it is published and will specify that the decision will come into force, and may then be implemented at 5pm on the fifth clear working day, after the publication of the decision unless, after receiving a written request to do so, the Assistant Chief Executive (Legal Services) calls the decision in.

16.3   During that period, the Assistant Chief Executive (Legal Services) shall call-in a decision for scrutiny by the Overview and Scrutiny Committee if so requested by:

16.3.1   Not fewer than five Members of the Council; or

16.3.2   Two voting church, faith or parent governor representative in respect of any education matters only;

16.3.3   The request for a call-in must give reasons in writing and outline an alternative course of action. In particular, the request must state whether or not those Members believe that the decision is outside the policy or budget framework.

16.4   The Assistant Chief Executive (Legal Services) shall call-in a decision within twenty-four hours of receiving a written request to do so and shall place it on the agenda of the next meeting of the Overview and Scrutiny Committee on such a date as s/he may determine, where possible after consultation with the Chair of the Committee, and in

any case within five clear working days of the decision to call-in. However, the Assistant Chief Executive (Legal Services) will not call-in:

16.4.1   Any decision which has already been the subject of call-in;

16.4.2   A decision which is urgent as defined in Rule 17.1 below and has to be implemented prior to the completion of any review. In such circumstances the decision – taker(s) shall give reasons to the Overview and Scrutiny Committee; and

16.4.3   Decisions by regulatory and other Committees discharging non-executive functions;

16.4.4   Day to day management and operational decisions taken by officers;

16.4.5   A resolution which merely notes the report or the actions of officers;

16.4.6   A resolution making recommendations to full Council.

16.5   Where the matter is in dispute, both the Chief Executive and the Monitoring Officer should be satisfied that one of the above criteria applies.

16.6   The Assistant Chief Executive (Legal Services) shall then notify the decision-taker of the call-in, who shall suspend implementation of the decision.

16.7   If, having considered the decision, the Overview and Scrutiny Committee is still concerned about it, then it may refer it back to the Mayor or Executive for reconsideration, setting out in writing the nature of its concerns or if the matter should properly be considered by Council refer the matter to full Council. If referred to the decision-maker they shall then reconsider within a further 5 clear working days or as soon as is reasonably practical thereafter, amending the decision or not, before adopting a final decision.

16.8   For the avoidance of doubt, if the Overview and Scrutiny Committee refers a matter back to the decision-making person or body, the implementation of that decision shall be suspended until such time as the decision-making person or body reconsiders and either amends or confirms that decision.

16.9   If following an objection to the decision, the Overview and Scrutiny Committee does not meet in the period set out above, or does meet but does not refer the matter back to the decision-making person or body, the decision shall take effect on the date of the Overview and

Scrutiny Committee meeting, or the expiry of that further 5 working day period, whichever is the earlier.

16.10 If the matter was referred to full Council and the Council does not object to a decision which has been made, then no further action is necessary and the decision will be effective in accordance with the provision below. However, if the Council does object, then the Council will refer any decision to which it objects back to the decision making person or body together with the Council's views on the decision. That decision making person or body shall decide whether to amend the decision or not before reaching a final decision and implementing it. Where the decision was taken by the Executive as a whole or a Committee of the Executive, a meeting will be convened to reconsider within five clear working days of the Council request. Where the decision was made by an individual, the individual will reconsider within five clear working days of the Council request.

16.11 If the Council does not meet, or it does but does not refer the decision back to the decision making body or person, the decision will become effective on the date of the Council meeting or expiry of the period in which the Council meeting should have been held, whichever is the earlier.

17. CALL-IN AND URGENCY

17.1 The call-in procedure set out in Rule 16 above shall not apply where the decision being taken by the Mayor, the Executive or a Committee of the Executive, or the key decision being made by an officer with delegated authority from the Executive or under joint arrangements is urgent. A decision will be urgent if any delay likely to be caused by the call in process would seriously prejudice the Council's or the public interests.

17.2 The record of the decision, and notice by which it is made public shall state whether in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in.

17.3 The Chair of the Overview and Scrutiny Committee must agree both that the decision proposed is reasonable in all the circumstances and to it being treated as a matter of urgency. In the absence of the Chair, the Chair of Council's consent shall be required. In the absence of both, the consent of the Deputy Chair of Council or the Head of Paid Service or her/his nominee shall be required.

17.4 Decisions taken as a matter of urgency must be reported to the next available meeting of the Council, together with the reasons for urgency.

17.5 The operation of the provisions relating to call-in and urgency shall be monitored annually, and a report submitted to Council with proposals for review if necessary.

18. THE PARTY WHIP

18.1 The use of the party whip to influence decisions of the Overview and Scrutiny Committee or one of its Panels is inappropriate.

18.2 In this rule "a party whip" means any instruction given by or on behalf of a political group to any Councillor who is a Member of that group as to how that Councillor shall speak or vote on any matter before the Council or any Committee, or the application or threat to apply any sanction by the group in respect of that Councillor should s/he speak or vote in any particular manner.

19. PROCEDURE AT OVERVIEW AND SCRUTINY COMMITTEE MEETINGS

19.1 The Overview and Scrutiny Committee and the Scrutiny Panels shall consider the following business:

(i)   Minutes of the last meeting;
(ii)   Declarations of interest;
(iii)   Consideration of any matter referred to the Committee for a decision in relation to call-in;
(iv)   Responses of the Executive to reports of Overview and Scrutiny;
(v)   The business otherwise set out on the agenda for the meeting.

19.2 Where the Overview and Scrutiny Committee or a Scrutiny Panel conducts investigations (e.g. with a view to policy development), the body may also ask people to attend to give evidence at meetings of the body. Such meetings are to be conducted in accordance with the following principles:

19.2.1 that the investigation be conducted fairly and all Members of the Committee be given the opportunity to ask questions of attendees, and to contribute and speak;

19.2.2 that those assisting the Committee by giving evidence be treated with respect and courtesy; and

19.2.3 that the investigation be conducted so as to maximise the efficiency of the investigation or analysis.

19.3 Following any investigation or review, the Committee or Panel shall prepare a report, for submission to the Mayor/Executive and/or

Council as appropriate by the Overview and Scrutiny Committee, and shall make its report and findings public in so far as the report does not contain exempt or confidential information.

20. SUSPENSION

20.1 Any part of these Rules may be suspended in accordance with Council Procedure Rule 26 of Part 4.1 of this Constitution provided such suspension is not contrary to the law.

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APPENDIX 2

OVERVIEW AND SCRUTINY COMMITTEE
MEMBERSHIP 2010/11

Labour Group Nominations (and deputies)	Conservative Group Nomination (and deputy)	Other Nomination Liberal Democrat	Other Nomination Respect
Cllr Ann Jackson (Chair)	Cllr Tim Archer	Cllr Stephanie Eaton	Cllr Fozol Miah
Cllr Sirajul Islam Cllr Zenith Rahman Cllr Rachael Saunders Cllr Helal Uddin Cllr Amy Whitelock			
(Deputies:- TBA	(Deputies:- Cllr Peter Golds Cllr David Snowdon)		Deputy:- Cllr Harun Miah

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APPENDIX 3

OVERVIEW AND SCRUTINY COMMITTEE

SCHEDULE OF MEETING DATES 2010/11

Tuesday 5 July 2011
Tuesday 2 August 2011 (5.30pm)
Tuesday 6 September 2011
Tuesday 4 October 2011
Tuesday 1 November 2011
Tuesday 6 December 2011
Tuesday 10 January 2012
Tuesday 7 February 2012
Tuesday 6 March 2012
Tuesday 3 April 2012
Tuesday 8 May 2012

Note
Meetings are scheduled to take place at 7.00pm in accordance with the
Council's programme of meetings, with the exception of the meeting in August
which is scheduled to commence at 5.30pm, as it falls within the holy month
of Ramadan.

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Overview and Scrutiny Committee – Protocols and Guidance

1. Introduction

1.1 The report outlines protocols and guidance for the functioning of the Overview and Scrutiny Committee (OSC) in Tower Hamlets. The protocols and guidance are intended to assist the OSC to implement the requirements of the Local Government Act 2000 and the Council's Constitution. To the extent of any inconsistency, the Act and the Constitution prevail.

Guidance

2. Roles and Responsibilities for Scrutiny Members

2.1 The overall purpose of each position will be to strengthen the Scrutiny process in Tower Hamlets and to make it part of the process of improvement. To accomplish this Members will have the following roles and responsibilities.

2.2 Chair of Overview and Scrutiny
- co-ordinates the work of Scrutiny by developing the Committee's work programme in line with the Council's Forward Plan
- chairs the Committee meetings
- plans co-operatively meeting agendas and timetables with officers and other members (from both minority and majority parties) to ensure all areas of Scrutiny business are undertaken effectively
- leads the work of OSC on budget matters
- represents Overview and Scrutiny at Executive meetings and at community and other outside events
- represents Tower Hamlets at London Scrutiny Network meetings
- works in a cross-party and consensual manner to ensure the effectiveness of Scrutiny
- contributes to developing the community leadership role of Scrutiny
- Delegate to scrutiny Members to represent the Committee at Council meetings and external events.

2.3 Overview and Scrutiny Committee will appoint Scrutiny Leads who will:
- ensure the accountability of those Executive members and chief officers who have primary responsibility within their portfolio theme
- assess the effectiveness of existing policy in the portfolio area
- support the development of new and revised policy
- ensure effective liaison with the Tower Hamlets Partnership
- lead and co-ordinate scrutiny activity in his/her area including reviews, investigations and challenge sessions
- ensure effective liaison with internal and external stakeholders
- work in a cross-party and consensual manner to ensure the effectiveness of Scrutiny
- contribute to developing the community leadership role of Scrutiny

2.4 Skills and aptitudes
Members will require the following skills and aptitudes to undertake the above roles effectively:

- understanding of the Scrutiny process and its place within the Council's overall objectives
- understanding of how Scrutiny can help improve performance management by effective performance monitoring
- willingness to help develop Scrutiny's role within the local Partnership agenda and, where appropriate, within London-wide and national arena
- willingness to work co-operatively with members from all political parties, officers and partners (outside organisations)
- ability to chair meetings
- ability to question constructively and get the best from those attending Scrutiny meetings
- willingness to liaise with officers in the drafting of reports and refining reporting mechanisms
- willingness to participate in developmental work to strengthen the Scrutiny process including training and seminars

A willingness to develop these skills through Member Learning and Development will be as crucial as being able to demonstrate them.

3.   Agenda

3.1   The Committee's regular agenda items will comprise of the following in the course of the year:

Report	Timing
Call-in	When these occur – see paragraph 4.1
Overview and Scrutiny Committee Work Programme including the programme of topics for review. Subsequent reports allow OSC to monitor its progress.	Beginning of the municipal year and thereafter every 2 months - see paragraph 4.2
Budget and Policy Framework items	At least 10 days before the item is to be considered by Cabinet (unless there are special factors requiring a shorter timescale) - see paragraph 4.3
Performance Information and Monitoring reports	Timetabled through the year - see 4.4
Tracking progress of Overview and Scrutiny recommendations	Twice during the year
Pre-decision overview and scrutiny	When items are raised – see paragraph 4.6
Scrutiny Spotlights	Monthly

3.2   Ad hoc agenda items might include the following:

- Items of business requested by members of the Overview and Scrutiny Committee under the provisions of the Council's Constitution as amended (Part 4 – "Rules of Procedure", Section 4.5 – "Overview and Scrutiny Procedure Rules", Rule 9.1). See paragraph 4.7.

- Matters referred to the Overview and Scrutiny Committee under the provisions of the Council's Constitution as amended (Part 4 – "Rules of Procedure", Section 4.5 – "Overview and Scrutiny Procedure Rules", Rule 9.3) in accordance with Section 119

of the Local Government and Public Involvement in Health Act 2007. See paragraph 4.8.

4.   Procedures/ Protocols

4.1   Call-in

4.1.1 For details of the call-in procedure, please see Appendix 1.

4.1.2 Protocol for transacting a "Call In" at OSC:
If a decision is called in, the OSC will consider it at its next meeting in a strictly time limited slot of up to one hour. The protocol for transacting this business would be as follows:
- presentation of the call-in by one of the call-in Members followed by questions from OSC Members
- response from Lead Members/officers followed by questions from OSC Members
- general debate among OSC Members followed by a decision
- The call-in Member who presented to OSC would not be allowed to speak again or vote on the item
- the Committee would then either resolve to take no action (in effect endorsing the original decision) or refer the matter back to Cabinet for further discussion, setting out the nature of its concerns and possibly recommending an alternative course of action.

4.2   Overview and Scrutiny work programme
4.2.1 OSC will agree its work programme at the beginning of the municipal year and consider progress every two months. The work programme will take into account the Cabinet's Forward Plan. The programme will include when OSC will consider budget and policy framework reports and performance and information reports.

4.3   Budget and policy framework items
4.3.1 The policy framework, set out in Article 4 of the Constitution, outlines the plans and strategies required by statute to be approved by the full Council and which OSC should examine:
- Annual Library Plan
- Best Value Performance Plan
- Children and Young People's Plan
- Crime and Disorder Reduction Strategy
- Development Plan Documents and plans/ alterations which together comprise the Development Plan.
- Licensing Authority Policy Statement
- Local Transport Plan
- Sustainable Community Strategy
- Youth Justice Plan

4.3.2 The Council's budget which the OSC should examine includes the annual allocation of financial resources to different services and projects following the announcement of the government's grant to the authority, the treatment of risk including level of reserves and proposed contingency funds, setting the council tax (including the

recommended council tax base), and decisions relating to the control of the Council's borrowing, the control of its capital expenditure and the setting of virement limits.

4.4 Performance and information monitoring

4.4.1 OSC will throughout the course of the year regularly monitor and examine reports on the Strategic Plan and budget monitoring (Quarterly) plus Annual Review, Tower Hamlets Index (bimonthly), Diversity & Equality Action Plan (6 monthly) and the Performance Digest Report which will bring together data from Corporate Complaints and Members Enquiries (6 monthly). Within the Scrutiny Spotlight session, it will also receive presentations from Lead Members and Corporate Directors on the performance and challenges facing key Council services.

4.5 Reviews, Investigations and Challenge Sessions

4.5.1 As part of its work programme for the year, OSC will include issues and services for investigation, review and challenge sessions.   This must be:

- flexible to allow some capacity to address new issues during the year or to delve deeper into some issues following initial work.
- achievable and reflect the capacity available to support Scrutiny's work.

4.5.2 The Work Programme will be drawn up after consideration of key documents such as the Annual Residents' Survey, Annual Audit and Inspection Letter, Strategic Plan monitoring, Tower Hamlets Index and the Local Area Partnership Plans to identify potential scrutiny issues. It will also consider issues raised through Scrutiny's own work such as the performance monitoring role, as well as specific reviews.

4.5.3 The following criteria act as a guide in prioritising the selection of issues:

- a service or issue that requires significant improvement
- a service or issue of poor or challenging performance
- an area of national policy development that impacts or has the potential to impact on one or more sections of the community
- an inspection is planned for the service where Scrutiny would add value to Council and partner performance
- a controversial or sensitive issue that would benefit from a risk-management approach and the pro-active engagement of partners and local communities.

4.5.4 Where Scrutiny Panels are established to deliver the Committee's work, their membership will be constituted according to proportionality rules and in liaison with Party whips. It would be expected that membership would be based on the expressed interests of Members.

4.5.5 Please see Appendix 1 to this report for further details on the conduct of scrutiny reviews.

4.5.6 A report on all investigations, reviews and challenges sessions will be presented to OSC. Where there are recommendations that Cabinet need to consider, the review report will be submitted to Cabinet with an action plan (via the usual pre-agenda planning process). Reports may also be submitted to partner organisations for their response following consideration by Cabinet. Challenge Session reports are agreed by OSC following this an action plan is developed by the department which is then monitored through the recommendation tracking report. In circumstances, where there resource implications the report will be presented to Cabinet.

4.5.7 A progress check on the implementation of recommendations will be considered twice a year by OSC through the recommendation tracking report.

4.6 Pre-decision scrutiny of Cabinet business

4.6.1 Consideration of the Forward Plan will allow the OSC to highlight upcoming issues for the review programme or for further work by the relevant Lead Scrutiny Member.

4.6.2 The OSC meets the night before Cabinet and has the opportunity to raise questions which it considers Cabinet should take into account in reaching its decisions. OSC Members receive the Cabinet papers on their initial despatch the week before the meeting.

4.6.3 Protocol for submission of pre-decision scrutiny questions:
- Members must notify the Chair in writing (via the Scrutiny Policy team) of any questions they wish to raise by 12 noon on the Monday of the same week of OSC and Cabinet meetings.
- When necessary, the Chair, Vice Chair and a nominated Minority Member will meet prior to OSC meeting to determine how the time allocated for pre-decision scrutiny questions at the OSC meeting could best be used if there are a significant number of questions raised. The following criteria would be used:

  o questions should be new and not ones already addressed in the report or that have been the subject of correspondence or review elsewhere
  o questions for information should be raised directly with the report author
  o first priority should be given to consideration of reports with large scale, cross-borough policy implications
  o questions should consider they can influence the decision of the Cabinet to ensure it meets local needs.

4.6.4 Protocol for transacting pre-decision scrutiny at OSC:
- There will be a maximum time slot of 45 minutes to consider pre-decision scrutiny questions for Cabinet.
- Members will be able to raise questions and comments only, not to have a full scale debate on issues.
- The OSC will aim for a consensual agreement on the issues/ questions to be raised with Cabinet.

4.6.5 The Chair of the Overview and Scrutiny Committee will have an allocated 10 minute slot on the Cabinet agenda to feedback any questions together with any other issues from the Committee's deliberations. The Chair may also appoint a delegate to undertake this function if he/she is unavailable to attend.

4.7 Items of business requested by members of the OSC under the provisions of the Overview and Scrutiny Procedure Rule 9.1

4.7.1 Members of the OSC may request the Assistant Chief Executive to include an item relevant to the functions of the Committee on the agenda of the next available meeting. Please see Appendix 1 to this report for full details.

4.7.2 Protocol for transacting such business at OSC:
- "Presentation" by requesting Member to the Committee - Time allowed 10 minutes. Member to outline why he/she thinks the OSC should initiate a review of the matter and set out his/her alternative course of action.

- OSC members then to be given the opportunity to ask questions of clarification and receive answers from requesting Member.
- Corporate Director response to be asked to address the points raised by the requesting Member (brief written response to be tabled providing sufficient information for the Committee to take a view) and any remaining points raised by the OSC members in the Question and Answer session.
- Lead Member (who may be present) may be given an opportunity, by the Chair, to make a contribution on specific points if he/she so wishes but this not to be a generalised right of reply or a lengthy matter.
- OSC members to discuss and reach a determination. The Chair to summarise the deliberations and move a motion for consideration/ agreement of the Committee.

Deliberations
- The Committee are required to decide whether or not further scrutiny of the matter in question is appropriate.
- The OSC must be satisfied that the matter is relevant to its work programme, and if it is not the request for consideration must be refused. If the request is determined to be relevant to the work programme the Committee should identify the item in the work programme to which it relates.
- If the committee decide that further scrutiny is required it should indicate how the matter should be dealt within the context of the work programme item ie specify what form the further scrutiny should take. Perhaps requesting a detailed report from officers and their attendance at the next OSC meeting to address the issues, or perhaps a scrutiny review.
- Should the Committee decide to undertake a scrutiny review:
  o The broad terms the terms of reference of the Scrutiny Working Group should be stated.
  o A date should be set for submission of a report upon the Working Group's findings to the Committee.
  o It should be established upon a representational basis as per paragraph 4.5.4 above.

4.7.3 Scrutiny Review Groups
Once appointed it is the responsibility of a Scrutiny Working Group:
- To scope the review and establish a timetable to meet the Committee's reporting requirement
- To convene one or more meetings to scrutinise/review the issues under consideration
- To prepare a report with such recommendations as the Working Group considers appropriate for submission to the Committee.

4.8 Items referred to OSC by councillors under the provisions of the Overview and Scrutiny Procedure Rule 9.3

4.8.1 Any member of the Council may refer a local government matter to the OSC for examination under the Councillor Call for Action (CCfA) provisions introduced by Section 119 of the Local Government and Public Involvement in Health Act 2007 that came into force on 1st April 2009. IOSC agreed a local proposal for implementing CCfA in September 2009. This includes pooling together the joint information gleaned from complaints, petitions, members enquiries and FOI requests into one performance report that can be used both corporately and by councillors to spot patterns and problem-solve on behalf of the community. This Performance Digest report will be

prepared at six-monthly intervals for use at OSC to consider issues strategically and a local version would be presented to LAP Steering Group Members. The combination of the two would aim to ensure that both neighborhood and borough-wide aspects are covered. Last year's review on Strengthening Local Community Leadership tested this model and made a number of recommendations for improvements including the development of a toolkit for use by Members. This will be developed in July 2010 and available for use by Members.

5.   Health Scrutiny

5.1   The Health Scrutiny Panel is a sub-committee of the Overview and Scrutiny Committee which meets on a quarterly basis. With terms of reference and membership as set out in the Constitution (Article 6 and Part 4 – "Rules of Procedure", Section 4.5 – "Overview and Scrutiny Procedure Rules". As well as its statutory obligations the Panel will also consider a work programme agreed by the Overview and Scrutiny Committee. The Scrutiny Lead for A Healthier Community chairs the Health Scrutiny Panel must regularly report to OSC on the work of the Panel.

6.   Protocol for the Conduct of Business

6.1   Given the Terms of Reference of the Committee, the nature of business that it will consider will vary depending upon the role it is undertaking. It can also be assumed that in addition to Committee Members, a variety of persons, in differing capacities are likely to attend meetings of the Committee. These would include:
- Church/Faith or Parent Governor representatives
- the Leader of the Council and Lead Members
- non-executive members
- members of the Health Scrutiny Panel
- chief officers or their representatives
- external witnesses invited by the Committee to give evidence and advice
- members of the public

6.2   In order to facilitate the smooth conduct of business it will be necessary for all concerned to have an understanding of when and how it is appropriate for them to participate in meetings of the Committee. It is therefore suggested in accordance with the provisions of the Council's Constitution, the Committee continues to use the protocol previously adopted for the conduct of business as detailed below:

(i)   Voting Members to occupy specified seats (nearest to the Chair and Vice-Chair and Lead Officer.)
(ii)   'Call In' Members to occupy specified seats.
(iii)   Lead Member(s) to occupy specified seats.
(iv)   Subject to any variance agreed by the Committee, items of business to be dealt within the order that they appear on the agenda.
(v)   The agenda be structured so that business is considered in the order set out in Appendix 1 to this report.

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Committee	Date	Classification	Report No.	Agenda Item No.
Overview and Scrutiny	**7 June 2011**	**Unrestricted**		**7.2**

Report of:	Title
Service Head Democratic Services Originating Officer(s): **Amanda Thompson, Team Leader Democratic Services**	**Appointment of Scrutiny Lead Members, Co-options to Overview and Scrutiny Committee, Health Scrutiny Panel Terms of Reference and Appointments** Ward(s) affected: **All**

1. Summary

1.1 This report requests the Overview & Scrutiny Committee (OSC) to note the changes to Scrutiny Lead portfolios based on the Council's Directorates and consider the appointment of Lead Scrutiny Members for those portfolios, in accordance with the Council's Constitution (as amended).

1.2 The OSC is also requested to agree the co-option of representatives in respect of education matters in accordance with statutory requirements and the Council's Constitution (as amended).

1.3 This report informs the OSC of the establishment, by full Council, of the Health Scrutiny Panel, to discharge the Council's functions under the National Health Service Act 2006, with terms of reference and quorum as set out in the Council's Constitution.

1.4 The OSC is also requested to consider making appointments to the Health Scrutiny Panel for the Municipal Year 2011/2012, the exact membership of which remains a matter for its determination (provided it is congruent with proportionality requirements and other specific constitutional provisions).

1.5 The OSC is further requested to agree the co-option of 2 representatives from the Tower Hamlets Local Involvement Network in accordance with constitutional provisions.

2. Recommendations

That the Overview & Scrutiny Committee:

2.1 Note the change to the six current Scrutiny Lead portfolios to those aligned to the Council's Directorates as agreed by the Council at it's annual meeting on 18 May 2011 and set out at paragraph 3.1 of this report;

2.2 Appoint Lead Scrutiny Members for the Scrutiny Lead portfolios;

2.3 Agree the co-option of representatives in respect of education matters, as set out at paragraphs 4.1 to 4.8 of this report;

2.4 Note the establishment of the Health Scrutiny Panel by full Council, to discharge the Council's functions under the National Health Service Act 2006 and the Local Authorities (Overview and Scrutiny Committees Health Scrutiny Functions Regulations) 2002,

2.5 Appoint members to the Health Scrutiny Panel for the Municipal Year 2011/2012 as set out at paragraph 5.3 of this report; and

2.6 Agree the co-option of representatives from the Tower Hamlets Local Involvement Network to the membership of the Health Scrutiny Panel for the Municipal Year 2011/2012, as set out at paragraph 5.4 of this report.

3. Scrutiny Lead Portfolios

3.1 At the annual meeting on 18 May 2011, the Council agreed that the Scrutiny Lead positions be changed to align with the six Council directorates rather than the Community Plan themes as follows:

- **Communities, Localities and Culture**
- **Children's Services**
- **Resources**
- **Development and Renewal**
- **Chief's Executives**
- **Adults, Health and Wellbeing**

3.2 Accordingly the Overview and Scrutiny Committee is requested to consider the appointment of Lead Scrutiny Members for the portfolios set out above.

4. Co-option of Education and other Representatives to Overview and Scrutiny Committee

4.1 Section 21(10) of the Local Government Act 2000 provides that an overview and scrutiny committee of a local Council may include persons who are not members of the Council. This provision empowers, rather than obliges, local authorities to have co-opted members on their overview and scrutiny committees.

4.2 However Schedule 1 to the LGA 2000 also has effect in relation to the Council's executive arrangements. Paragraph 7 of Schedule 1 makes provision for overview and scrutiny committees to have church representatives. The Council must have a Church of England co-opted member on its overview and scrutiny committee if the committee's functions relate wholly or partly to education functions and if the Council maintains one or more Church of England Schools. Similarly, the Council must have a Roman Catholic representative on its overview and scrutiny committee if the committee's functions relate wholly or partly to education functions and if the Council maintains one or more Roman Catholic schools.

4.3   Paragraph 7 of Schedule 1 to the LGA 2000 also deals with appointment of the church representatives. The Church of England representative must be nominated by the Diocesan Board of Education for any Church of England diocese which falls wholly or partly in Tower Hamlets. The Roman Catholic representative must be a nominated by the bishop of any Roman Catholic diocese which falls wholly or partly in Tower Hamlets.

4.4   Paragraph 9(4) of Schedule 1 to the LGA 2000 sets out power for the Secretary of State to make regulations requiring local authorities to have representatives of parent governors at maintained schools included on their overview and scrutiny committees. The Secretary of State has made the Parent Governor Representatives (England) Regulations 2001 in pursuit of these powers. Regulation 3 provides that a local education Council shall appoint at least two, but not more than five, parent governor representatives to any overview and scrutiny committee that has functions which relate wholly or partly to any education functions which are the responsibility of the Council's executive. The Regulations specify the process for electing representatives.

4.5   Consistent with the statutory provisions, the Council's Constitution provides in Part 3 "Responsibility for Functions", for the membership of the overview and scrutiny committee to include a Church of England representative, a Roman Catholic representative and two Parent Governor representatives. The Constitution also provides for the committee to have a non-voting Muslim faith representative, although this is not a statutory requirement.

4.6   The Constitution as amended (Part 4 – "Rules of Procedure", Section 4.5 – "Overview and Scrutiny Procedure Rules", Paragraph 4 "Education Representatives" Rule 4.1 states that "The Overview and Scrutiny Committee must include in its membership the following voting representatives in respect of education matters:

   o   One Church of England diocese representative;

   o   One Roman Catholic diocese representative; and

   o   Three parent governor representatives elected under the procedures contained in the Parent Governor Representatives (England) Regulations 2001."

Rule 4.2 states that "The Committee may also include a Muslim representative in a non-voting capacity. "

Rule 4.3 states that "These members may speak but not vote on any other (i.e. non educational) matters. "

4.7 Accordingly the Overview & Scrutiny Committee is requested to agree the co-option of nominated representatives in respect of education matters as set out in the table below.

Church of England Diocese representative	Reverend Michael Ainsworth
Roman Catholic Diocese representative	A nomination is awaited
Parent Governor representative	Rev James Olanipekun
Parent Governor representative	Mr Jake Kemp
Parent Governor representative	To be advised at the meeting
Muslim Community Representative	Mr Mushfique Uddin (provisional nomination)

5. Health Scrutiny Panel

5.1 Establishment

5.2 The Constitution states that the Annual Council Meeting will establish "such other committees/panels as it considers appropriate to deal with matters which are neither Executive Functions nor reserved to the Council".

5.3 The Council's Constitution refers to the establishment of "a standing Sub-Committee to discharge the Council's functions under the Health and Social Care Act 2001 to be known as the Health Scrutiny Panel". The reference to the Health and Social Care Act 2001 is out of date and this should be taken as a reference to the National Health Service Act 2006 and the Local Authorities (Overview and Scrutiny Committees Health Scrutiny Functions Regulations) 2002.

5.4 At the Annual General Meeting of the Council, held on 18 May 2011 the Health Scrutiny Panel was established for the Municipal Year 2011/2012 with a membership numbering 7, and an allocation of places in accordance with overall proportionality requirements as follows: 6 Majority Group Members (Labour) and 1 Minority Group Member (Conservative). The OSC is therefore requested to note the establishment of the Health Scrutiny Panel, its total membership and the allocation of places between the political groups.

6. Terms of Reference and Quorum

6.1 The Health Scrutiny Panel will undertake the Council's functions under the Health and Social Care Act 2001 and consider matters relating to the local health service as provided by the NHS and other bodies including the Council:

(a)   To review and scrutinise matters relating to the health service within the Council's area and make reports and recommendations in accordance with any regulations made thereunder;

(b)   To respond to consultation exercises undertaken by an NHS body; and

(c)   To question appropriate officers of local NHS bodies in relation to the policies adopted and the provision of the services.

6.2   The quorum will be 3 voting members.

7.   Appointment of Members to Health Scrutiny Panel

7.1   As indicated in above the total membership for the Health Scrutiny Panel and the allocation of these places between the political groups has been determined by the full Council.

7.2   However the exact membership of the Health Scrutiny Panel remains a matter for the determination of the OSC (provided it is congruent with proportionality requirements and other specific constitutional provisions). The OSC should note that the Scrutiny Lead Member: A Healthy Community should have been determined by it, following a motion from the Chair, at recommendation 2.1 above and this Member must be appointed as a member and Chair of the Health Scrutiny Panel.

7.3   Accordingly the OSC is requested to consider making appointments to the Health Scrutiny Panel for the Municipal Year 2011/2012.

8.   Co-option of Representatives to the Health Scrutiny Panel

8.1   The Overview and Scrutiny Procedure Rules state that:

"The Overview and Scrutiny Committee will be responsible for approving co-opted Members for the Scrutiny Panels. Co-opted Members will be non-voting."

8.2   Two representatives from the Tower Hamlets Local Involvement Network were recruited and served as co-opted members of the Health Scrutiny Panel in the Municipal Year 2010/11. It is recommended that these representatives be co-opted to the membership of the Health Scrutiny Panel in 2011/2012.

8.3   Accordingly the OSC is requested to agree the co-option of representatives from the Tower Hamlets Local Involvement Network to the membership of the Health Scrutiny Panel for the Municipal Year 2011/2012, as set out below:

        Myra Garett
        Amjad Rahi

9. Comments of the Chief Financial Officer

9.1   This report describes the Overview & Scrutiny Committee (OSC) request to note the Scrutiny Lead portfolios based on the Community Plan Themes and consider the appointment of Lead Scrutiny Members for those portfolios, in accordance with the Council's Constitution (as amended).

9.2   Also, OSC are requested to agree the following: co-option of representatives in respect of education matters in accordance with statutory requirements and the Council's Constitution; the creation of a Health Scrutiny Panel; co-option of 2 representatives from the Tower Hamlets Local Involvement Network.

9.2   There are no specific financial implications emanating from this report but in the event that the Council agrees further action in response to this report's recommendations then officers will be obliged to seek the appropriate financial approval before further financial commitments are made.

10. Concurrent report of the Assistant Chief Executive (Legal)

10.1   Most of the relevant statutory and constitutional provisions are set out in the body of the report. It is also proposed that independent members be co-opted to the Health Scrutiny Panel. In accordance with section 102(3) of the Local Government Act 1972 independent members may be appointed to committees and sub-committees.

11. One Tower Hamlets Considerations

The establishment of the Health Scrutiny Panel may contribute to the reduction of any health inequalities that exist in the borough.

12. Sustainable Action for a Greener Environment

12.1   There are no specific SAGE implications arising from the recommendations in the report.

13. Risk Management Implications

13.1   The appointment of Scrutiny Lead Members, Co option of representatives in respect of education matters and establishment of the Health Scrutiny Panel is necessary for the Overview and Scrutiny Committee to meet its statutory and constitutional obligations and in particular the functions conferred on the Council by section 102(3) of the Local Government Act 1972 and also section 21 of the Local Government Act 2000 and the Health and Social Care Act 2001.

14. Crime and Disorder Reduction Implications

14.1   There are no specific Crime and Disorder Reduction implications arising from the recommendations in the report.

**LOCAL GOVERNMENT ACT, 1972 SECTION 100D (AS AMENDED)
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF
THIS REPORT**

Brief description of "background paper"

If not supplied
Name and telephone
number of holder

n/a

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Committee/Meeting:	Date:	Classification:	Report No: 8.1
Overview and Scrutiny Committee	7th June 2011	Unrestricted	

Report of:	Title:
Isabella Freeman Assistant Chief Executive (Legal)	Tower Hamlets Community Plan Refresh 2011
Originating officer(s) Michael Keating Service Head One Tower Hamlets	**Wards Affected:** All

Lead Member	Lutfur Rahman
Community Plan Theme	All
Strategic Priority	All

1. SUMMARY

1.1 This report provides Overview and Scrutiny Committee with the final version of the borough's Community Plan (Appendix 1) following consultation on the draft Plan. Overview and Scrutiny Committee previously received the consultation draft of the Community Plan.

1.2 The Community Plan is the borough's sustainable community strategy and sets out the long-term vision and priorities for Tower Hamlets. It is a statutory document developed and owned by the Tower Hamlets Partnership, led by the Council.

1.3 The refresh of the Plan has been informed by assessments of needs in the borough and through consultation with local residents, organisations and partners.

2. DECISIONS REQUIRED

2.1 Overview and Scrutiny Committee is requested to:-

§ Note the process followed for refreshing the Community Plan; and

§ Consider and comment on the Tower Hamlets Community Plan 2011 (Appendix 1).

3. REASONS FOR THE DECISIONS

3.1 The Community Plan is the local term given to the borough's sustainable community strategy. It is a statutory document and an integral part of the Council's Budget and Policy Framework. In accordance with the Council's Constitution, it must therefore be agreed by Full Council, following recommendation from Cabinet.

3.2 The Plan provides the long-term vision for the borough, articulating local aspirations, needs and priorities. As the high-level partnership strategy, it informs all other strategies and delivery plans of the Tower Hamlets Partnership, including the Council's Strategic Plan.

3.3 It outlines how the Partnership will work together to improve the lives of all those who live and work in the borough. It has a particular focus on tackling inequality, poverty and social exclusion as articulated through the One Tower Hamlets narrative.

3.4 The refreshed Community Plan is intended to provide a more robust and sustainable direction of travel for the Partnership, in light of future needs and emerging challenges and opportunities including the new Coalition Government's reform agenda. It is the product of wide ranging consultation with local people and partners to ensure that it reflects the issues that matter most to local people.

4. ALTERNATIVE OPTIONS

4.1 Cabinet may decide not to recommend the proposed Community Plan to Full Council. Should Cabinet decide to do so, elements of the refresh process, may need to be repeated. The Community Plan supports partnership working at a time of significant change. Other documents such as the Strategic Plan which Cabinet approved in April 2011, based on the proposed Community Plan, may also need to be amended.

4.2 Cabinet may also decide to make any amendments to the Plan as it sees fit.

5. BACKGROUND

5.1 Through the existing Community Plan, the Tower Hamlets Partnership has made significant strides in improving the lives of local people. However since the borough's current Community Plan was published in 2008 there

have been a number of national and local developments with considerable implications for Tower Hamlets. These include an economic downturn, a new national political landscape and significant spending reductions in the public and third sector over the next four years. In 2010, based on the challenges and opportunities facing the borough, the Tower Hamlets Partnership Executive agreed that this is an opportune time to review the Community Plan.

6. **BODY OF THE REPORT**

Community Plan Refresh Process

6.1 A comprehensive process has been followed to refresh the Community Plan. This included the development of an evidence base comprising of existing needs assessments (such as the Joint Strategic Needs Assessment and Local Economic Assessment); performance data; and an analysis of the Coalition Government's reform agenda and its possible implications for the borough.

6.2 Consultation with local people, communities and organisations has also been central to this evidence base. Several consultation activities have been held to capture the concerns and aspirations of local people and stakeholders to help inform the Plan. These include:

§ Discussions at the Partnership Board and LAP Steering Group conference;
§ General open consultation events for residents held in each of the 4 paired LAPs;
§ Street and market based consultation activities;
§ Thematic workshops with key partners, drawn from each of the Community Plan Delivery Groups;
§ Cross-cutting workshop with senior officers from the Partnership;
§ Discussions at the Localisation Board, Partnership Executive Support Group and Community Plan Delivery Groups;
§ Seminar open to all Council Members;
§ Consultation with the third sector at TH3 Council of Voluntary Services launch event and a workshop with key third sector representatives;
§ Discussions at Tower Hamlets Housing Forum; and
§ Discussions with key Equalities forums such as the Tower Hamlets Interfaith Forum, Rainbow Hamlets and the Pan Disability Panel.

6.3 Outcomes from the borough's Budget Congresses, discussing the Partnership's approach to the considerable financial challenges facing Tower Hamlets, have also fed into the development of the new proposed Community Plan.

6.4 An Equalities Impact Assessment of the proposed Community Plan framework has been conducted by partnership representatives, led by the Council's Equalities and Scrutiny Service. The recommendations from the assessment have also helped develop the draft Plan.

6.5 In summary, the EqIA indicated that overall, the Community Plan will help address the needs of the borough's diverse communities and contribute to equality of opportunity for all. A number of recommendations were made to ensure that the Plan fully addresses equalities needs in the borough. The Community Plan objectives and narrative were amended to provide a sharper focus on equalities and diversity. For example, the objective on hate crime has been amended to reflect all hate crime, a specific mental health priority has been included in the One Tower Hamlets Focus of the Healthy and Supportive Community theme; and the narrative on community cohesion extended, including promoting cohesion among young people. Based on the recommendations the Partnership will also give further consideration to reporting performance data by equalities strands.

Proposed Community Plan

6.6 The Partnership has produced a draft Community Plan using the evidence base outlined above. Whilst many of the high-level priorities and objectives remain the same, there are some important differences compared with the current Plan.

6.7 There is a stronger articulation of the 'story of place' – highlighting the borough's unique and diverse history and its challenges and opportunities. There is also a better alignment of the Community Plan themes to reflect these challenges and opportunities.

The refreshed Community Plan themes are as follows:

A Great Place to Live: focusing on improving the liveability of the borough including housing, the public realm and local transport

A Prosperous Community: focusing on getting more people into work; supporting residents through welfare reform on the borough; raising educational attainment; and supporting enterprise, including a the third sector

A Safe and Cohesive Community focusing on tackling and preventing crime and anti-social behaviour as well as improving people's sense of feeling safe, alongside improving community cohesion in the borough

Healthy and Supportive: *Community* focusing on improving the health and wellbeing of local people, supporting people to live independently and protecting vulnerable children and adults

6.8 The approach of the Partnership in delivering these priorities has also changed. There is new emphasis on the Localisation agenda – integrating services at the local level so services are more responsive, efficient and engaged with local people; a more focused narrative on 'One Tower Hamlets' – a continuing commitment to tackling inequality and disadvantage; and the principles of efficient use of resources as integral to the delivery of the Plan.

Consultation on the Proposed Community Plan

6.9 Formal consultation on the draft Plan took place between April – May 2011. The consultation was open to all those who live, work, study or have an interest in the borough.

6.10 A number of methods were used to consult on the draft Plan, ensuring that it was accessible and inclusive. This ranged from publicising the consultation in the local media, including East End Life and Bengali newspapers; publicising the consultation on the Tower Hamlets Partnership website, Tower Hamlets Council for Voluntary Services website and Tower Hamlets Involvement Network websites; text messages to local people registered on the borough's consultation portal and direct emails inviting people to take part in the consultation.

6.11 An outline of consultation responses and how they have informed the final Plan is set out in the Cabinet cover note accompanying the Community Plan

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

7.1 This report provides Overview and Scrutiny Committee with the final version of the borough's Community Plan following consultation on the draft Plan.

7.2 The report in paragraph 5.1 acknowledges the changed financial environment the Council now faces in particular the fact that the Council will no longer receive the same levels of government funding from 2011-12 onwards and therefore will not be able to continue or offer similar level of financial commitments it has had up until recently. A report on the Council's 2011-12 revenue budget and medium term financial plan 2011-14 was presented to Cabinet on 9 February 2011 and the final 2011-12 budget at full Council on 2 Mar 2011.

7.3 There are no other specific financial implications emanating from this report but in the event that the Council agrees further action in response to this report's recommendations then officers will be obliged to seek the appropriate financial approval before further financial commitments are made.

8 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

8.1 The Community Plan comprises the Council's sustainable community strategy within the meaning of section 4 of the Local Government Act 2000. The

Council is required to have a sustainable community strategy and may modify it from time to time. In modifying the strategy, the Council must consult and seek the participation of each partner authority and such other persons as the Council considers appropriate. The Council must also have regard to statutory guidance issued by the Secretary of State in July 2008 in the document entitled *Creating Strong, Safe and Prosperous Communities*. The statutory guidance indicates that authorities need to consider how to consult with local people, local businesses and third sector organisations. According to the guidance, the strategy should contribute to the achievement of sustainable development in the United Kingdom.

8.2   The Community Plan under-pins the Council's well-being power in section 2 of the Local Government Act 2000, which is used to support a range of actions. The Council is empowered under section 2 of the Local Government Act 2000 to do anything which it considers likely to promote the social, economic or environmental well being of Tower Hamlets, provided the action is not otherwise prohibited by statute. This power includes the ability to incur expenditure or to give financial assistance to or enter into arrangements or agreements with any other person. The power may be exercised in relation to, or for the benefit of: (a) the whole or any part of Tower Hamlets; or (b) all or any persons resident in Tower Hamlets. In exercising the power, regard must be had to the Community Plan.

8.3   The Community Plan is critically important to the discharge of the whole range of the Council's statutory functions, providing over-arching objectives the Council is trying to achieve. It is impractical to refer to all the statutory functions to which the Community Plan will relate. However, the cross-cutting principles expressed in the Plan are particularly closely aligned with the following of the Council's duties –

- The Council is subject to the public sector equality duty under the Equality Act 2010 requires the Council to have due regard to the following matters in the exercise of its functions: (1) the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Act; (2) the need to advance equality of opportunity between persons who share a relevant protected characteristic (RPC) and those who don't; and (3) the need to foster good relations between persons who share an RPC and those who don't.

- The Council is required as a best value authority under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

- The Council is required by section 3A of the Local Government Act 1999 to take steps to ensure that local representatives are involved in the exercise of Council functions if it considers it appropriate they should be so involved.

9. **ONE TOWER HAMLETS CONSIDERATIONS**

9.1   The Community Plan reflects the needs and aspirations of the borough's diverse communities. Ensuring that everyone has the opportunity to achieve their full potential, by tackling and mitigating poverty and promoting social inclusion, is central to the Community Plan. This is articulated through the Plan's One Tower Hamlets principle.

9.2   One Tower Hamlets is a cross-cutting principle that runs through the Community Plan. It is integral to the delivery of the inclusive vision of the Partnership to improve the lives of all those who live and work in the borough.

10. **SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

10.1   The purpose of the Community Plan is to ensure that it contributes to supporting sustainable communities, including environmental sustainability. The Plan contains a number of objectives that will help achieve a sustainable environment: these include maximising energy efficiency and improving the public realm. As part of this, a number of strategies are identified to help reduce carbon emissions and fuel poverty, as well as protect the borough's physical and natural environment.

11. **RISK MANAGEMENT IMPLICATIONS**

11.1   The Community Plan provides the strategic direction for all Council strategies, service plans and resource allocations. Risks relating to the achievement of the objectives are therefore monitored through the Council's Corporate Risk Register and directorate risk registers.

11.2   Corporate risks are assessed for likelihood and impact, and have responsible owners and programmes of mitigating actions. The Corporate Risk Register is updated throughout the year and reported quarterly to the Corporate Management Team. Each directorate also maintains its own register of risks that feeds into the corporate monitoring and evaluation process. In this way senior managers assess risks, develop mitigating actions, and monitor progress in a systematic manner.

11.3   The Council's performance against the Community Plan objectives, as the lead organisation in the Tower Hamlets Partnership, will determine how it is assessed by central government, external partners and the wider public.

12. **CRIME AND DISORDER REDUCTION IMPLICATIONS**

12.1   Reducing crime and disorder are a central focus of the Community Plan, articulated in the Safe and Cohesive Community theme. The Community Plan aspires to reduce the crime and anti-social behaviour rate in the borough through joint working between community safety partners.

12.2 The Plan also recognises that multiple disadvantage often puts many people at risk of engaging in crimal behaviour. It concentrates on an early intervention approach to prevent people, particularly young people, getting involved in criminal activity.

12.3 As well as reducing crime, the Community Plan also prioritises tackling the fear of crime to make people feel safer in their neighbourhoods.

13.   EFFICIENCY STATEMENT

13.1 The Community Plan highlights the significant spending cuts to public organisations and the impact of this on service provision from both the public and third sectors. It outlines that in a much changed financial context, efficiency – providing value for money services – becomes more important than ever. This commitment is articulated through a cross-cutting principle on efficiency that informs delivery against all objectives in the Plan.

14.   APPENDICES

Appendix 1 – Tower Hamlets Community Plan 2011

Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report

Brief description of Background Papers:

Equality Impact Assessment
Summary Evidence Base
Consultation Findings
Budget Congress Reports

Name and telephone number of holder and address where open to inspection:

Daisy Beserve, 020 7364 2260, 6th Floor Mulberry Place, Clove Crescent, London, E14 2BG

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COMMITTEE: Overview and Scrutiny	DATE: 7 June 2011	CLASSIFICATION: UNRESTRICTED	REPORT NO.	AGENDA ITEM NO. 9.1
REPORT OF: KEVAN COLLINS CHIEF EXECUTIVE **ORIGINATING OFFICER(S):** RUTH DOWDEN CORPORATE COMPLAINTS MANAGER		TITLE: CORPORATE COMPLAINTS AND SOCIAL CARE COMPLAINTS ANNUAL REPORT 2010 2011 Wards Affected: ALL		

1.   Summary

1.1.   This report contains a summary of complaints received by the Council in the period 1 April 2010 to 31 March 2011 through the Corporate Complaints Procedure, Children's Social Care and Adults Social Care Complaints Procedures and those received and determined by the Local Government Ombudsman in the same period.   This report fulfils the statutory requirements under the Children Act 1989 to produce an annual report.

2.   Recommendations

It is recommended that the Overview and Scrutiny committee –

2.1.   Consider and comment on the content of the Complaints Annual Report 2010-2011, appended to this briefing note.

2.2   Consider the higher complaints volume areas and how issues arising from the report could inform the Overview and Scrutiny work programme.

3.   Background

3.1   The work of the Corporate Complaints Team and the complaints procedures it deals with are set out in the Introduction to the Annual Report.

3.2   The Annual Report addresses the matters set out in paragraph 1.1 above. The following are key matters to note from the report –

3.2.1   Under the Corporate Complaints procedure there are significant improvements in response times at each of the three stages.

3.2.2   The statutory Adults Social Care Complaints procedure has considerable focus on early resolution and community outreach, as well as placing the complainant at the heart of the process.

3.2.3   Children's Social Care Complaints continue to be dealt with under the three stage statutory process.

3.2.4 The Local Government Ombudsman has over past years commented positively in the Annual Letter to the Council about our focus on local resolution, and prompt responses. The 2010/11 Annual Letter is not yet received and will be presented with the half year update report, in October 2011..

3.2.5 The Complaints Service is for the third year accredited with the Customer Service Excellence Award.

4. Comments of the Chief Finance Officer

4.1. The report provides a summary of the complaints received by the Council in the period 1 April 2010 to 31 March 2011 through the Corporate Complaints Procedure and those received and determined by the Local Government Ombudsman. This report is also statutory requirement under the Children Act 1989.

4.2. There are no significant financial implications arising from the recommendations in this report and Corporate Complaints procedures and quality checks are designed to minimise the cost of making good and compensation, but where this is necessary, payment is contained within the Directorate budget.

5. Concurrent report of the Assistant Chief Executive (Legal)

5.1. The Council operates executive arrangements under the Local Government Act 2000. Pursuant to those arrangements the Council is required to have an Overview and Scrutiny Committee with the functions of: scrutinising and reviewing the Council's exercise of its executive and non-executive functions; and making reports and recommendations in relation to the same. The Council's Constitution makes provision consistent with the statutory requirements. The consideration of a complaints report may be considered as falling within the committee's review function.

5.2. The Council has statutory duties in respect of the handling of social care complaints as set out in the report. The proper handling of complaints and the consideration of information arising from a those complaints may also be consistent with good administration in the discharge of the Council's functions. It may contribute to improving the quality of services that the Council offers and hence to the Council's duty as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Proper complaints handling and review may also contribute to the avoidance of maladministration within the meaning of the Local Government Act 1974.

6. ONE TOWER HAMLETS CONSIDERATIONS.

6.1. The Annual Report provides a breakdown of the ethnicity of complainants and other aspects such as gender, age, faith, sexuality and disability are consider against each individual complaints and data collated. The Complaint Procedures were subject to an Equalities Impact Assessment during this period and actions included in the 2011/12 team plan to improve access and increase the collection of equalities monitoring data..

6.2. There is a Social Care complaints leaflet available in five community languages and all complaints literature is widely distributed through out the borough and within the local voluntary sector agencies. There is also a leaflet for children and young people. This publicity ensures that all members of the community are made aware of the procedures.

6.3. Children's Services also ensure that complainants are offered the opportunity of an interpretation service to assist them in making their complaint. Young people are always offered the opportunity of an advocate in line with the Children Act 1989.

6.4. The Social Care and Corporate complaints procedures provide an important mechanism for vulnerable service users to give feedback on services. Continuing publicity will ensure that all residents and service users will have better awareness of their right to voice any concerns.

7. RISK MANAGEMENT IMPLICATIONS.

7.1. The Complaints Team looks at means of redress where complaints are upheld. This successfully reduces the risk of Ombudsman Enquiries leading to findings of maladministration, and compensation claims.

Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report

Background Paper	Name and telephone number of holder and address where open to inspection
None	N/A

Complaints Annual Report

2010-2011

Contents

1   INTRODUCTION

1.1   This report addresses the volume of complaints received by the Council in the period 1 April 2010 to 31 March 2011, the outcomes and the standard of performance in dealing with them.

1.2   The Corporate Complaints Team moved from the Customer Access division in January 2011 to Legal Services. The team comprises 5.6 full time equivalent staff, who register complaints under all stages of the Council's Corporate Complaints Procedure (see section 2), the statutory Adults and Children's Social Care Complaints Procedures (see sections 3 & 4), and those investigated by the Local Government Ombudsman (see section 5). The officers monitor complaint progression and provide management information on performance.

1.3   Officers also investigate some Adults Social Care complaints and stage 2 Children's Social Care complaints, and stage 3 corporate complaints on behalf of the Chief Executive.

1.4   Most successful organisations encourage service users to complain, and as such a high volume of complaints is often an indication of a healthy relationship with service users. However, complaints should be resolved at the lowest possible point and the escalation of complaints can indicate difficulties in addressing matters at the service level.

        The Complaints Team's role is to:-

        •   receive complaints, enquiries and representations from service users and carers across all Council services including Adults' and Children's Social Care;
        •   support front line services by advising on statutory duties, internal policies and procedures;
        •   offer training and support to staff in resolving complaints;
        •   undertake complaint investigations as appropriate;
        •   organise and facilitate Independent Review Panels;
        •   liaise with the Local Government Ombudsman, handling all such complaint enquiries;
        •   provide reports to Team Managers and the Directorate Management Teams on a regular basis regarding the trends and progress of complaints;
        •   facilitate advocacy and support to complainants; and,
        •   ensure effective access for all service users to the statutory and non-statutory processes.

1.5   THE CORPORATE COMPLAINTS PROCEDURE

1.5.1   The Corporate Complaints Procedure is a three stage process, accepting issues from anyone who wants or receives a service from the Council, except where the matter is covered by another channel of redress, such as a legal or appeal process (e.g. benefits, parking penalty charges, leasehold matters), or where a statutory procedure exists.

        At stages 1 & 2, the matter is addressed by the relevant service managers, and the final stage is an independent investigation by the complaints team on behalf of the Chief Executive.

1.6 ADULTS SOCIAL CARE PROCEDURES

1.6.1 The Local Authority Social Services and National Health Services Complaints (England) Regulations 2009, in respect of the Health and Social Care (Community Health and Standards) Act 2003 sets out the process for considering Adult Social Care and Health complaints. The key principles require Local Authorities to:-
- consider Adults Social Care complaints once only;
- involve the complainant in agreeing the method and likely timeframe for the investigation;
- establish desired outcomes; and,
- provide a unified approach to joint investigations with other bodies such as PCTs and other partners.

1.6.2 The revised statutory complaint procedures came into place for Adults Social Care Complaints on 1 April 2009 and the new procedure can be found on the Council's website.

1.6.3 The Council places a strong emphasis on the informal resolution of complaints and in assisting Social Care Teams in effectively managing and resolving complaints.

1.7 CHILDREN'S SOCIAL CARE PROCEDURES

1.7.1 There is a legal requirement under the Children Act 1989 for Local Authorities to have a system for receiving representations and complaints by, or on behalf of, people who use social care services, or their carers.

1.7.2 The Children's Complaints Procedure has three stages.

Stage 1 Complaints – Initial

Team Managers are required to provide a written response to complaints within 10 working days. There is a possible extension to 20 working days to allow for a local resolution and where complaints are complex.

Stage 2 Complaints – Formal

Investigations should be completed within 25 working days. However this can be extended to 65 working days in negotiation with the complainant due to the complexity of complaints.

An Independent Person is appointed to oversee formal complaints at Stage 2 relating to children and young people. This is a legislative requirement under the Children Act (1989) and ensures that there is an impartial element.

The report is passed to the Head of Service and an internal adjudication meeting is held before the report and outcomes are shared with the service user.

Stage 3 Complaints – Independent Review Panel.

An Independent Review Panel can review the case in the presence of the complainant and Service Head, and where appropriate make recommendations to the relevant Director.

1.8   THE LOCAL GOVERNMENT OMBUDSMAN

1.8.1   The Local Government Ombudsman is an independent watchdog to oversee the administration of Local Authorities, and considers complaints (usually) after the complainant has exhausted the internal complaints procedure, or Adults and Children's Complaints Procedures, as appropriate, and covers Education matters.

1.9   ENQUIRIES, COMMENTS AND COMPLIMENTS

1.9.1   In order to fully capture the team's contact with the public, all telephone and written enquiries are also recorded on the complaints component of the Council's Customer Relationship Management (CRM) database, see table 1.1 below.

	2008/09	2009/10	2010/11
Comments	7	6	7
Compliments	36	65	72
Enquiries	485	589	1202

Figure 1.1

1.9.2   Volumes of compliments and comments recorded are increasing slowly. Although progress is slow, capturing compliments centrally will lead to useful data on good practice.

2   CORPORATE COMPLAINT STATISTICS AND ANALYSIS 2010 TO 2011

2.1   VOLUME OF COMPLAINTS

Volume of Corporate Complaints				
Year	2009/10	2010/11	Variance	
Stage 1	2292	2227	-65	-3%
Stage 2	361	312	-49	-14%
Stage 3	184	129	-55	-30%
Total Complaints	2837	2668	-169	-6%

Figure 2.1

2.1.2   Figure 2.1 shows that the total number of complaints received by the Council in the year is slightly lower than in the previous year, and the proportion escalated to stages 2 and 3 has decreased.

2.1.3   In 2007/08 there were 87 stage 3 complaints, with 120 stage 3 complaints in 2008/09, and 184 in 2009/10. A further analysis of these records follows at section 2.4.

Escalation Rates by Directorate 2010/11						
Directorate	Stage 1	Stage 2		Stage 3		Comments
		Stage 2	Escalated from Stage 1	Stage 3	Escalated from Stage 1	
Adults Health & Wellbeing	3	0	0%	0	0%	
Chief Executive's	38	6	16%	15	39%	
Children Schools and Families	33	12	*36%	1	3%	*Some matters are only considered at stage 2 or 3
CLC	684	85	12%	41	6%	
Development & Renewal	196	45	23%	22	11%	
Resources	305	36	12%	13	4%	
Tower Hamlets Homes	968	128	13%	37	4%	
Corporate Total	2227	312	14%	129	6%	

Figure 2.2

2.1.4 Figure 2.2 indicates an increase in the rate of escalation, and this is being monitored for each service area.

2.1.5 Figure 2.3 (below) demonstrates the seasonal trends and peaks in the reporting of complaints.
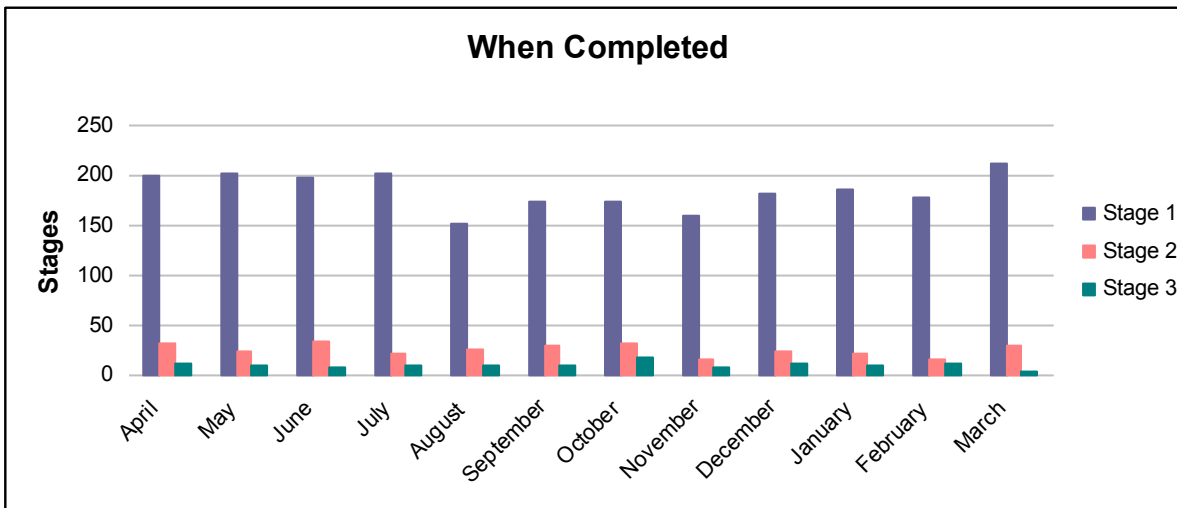

Figure 2.3

2.1.6 There is no obvious reason for the peaks which occur at different times year on year. Nevertheless any increases for individual services are discussed with the relevant managers and monitored.

2.1.7 Performance management through a variety of measures, including the use of weekly lists of complaints due and outstanding distributed to the Corporate Management Team, and monthly directorate performance figures, have effectively driven up response times. (see Section 2.2 overleaf)

2.1.8 The Corporate Management Team and Directorate Management Teams review reports on complaints each quarter in order to focus on areas of concern, both in terms of performance and service quality.

CORPORATE COMPLAINTS BY DIRECTORATE, PERFORMANCE AND RESOLUTION.

Stage 1	2010/11		Not Upheld		Partially Upheld		Upheld		Withdrawn /Referred On		Closed In Time		Ave Days to Close
Adults Health & Wellbeing	3	0%	0	0%	2	67%	1	33%	0	0%	3	100%	7
Chief Executive's	38	2%	21	55%	8	21%	9	24%	0	0%	35	92%	7
Children Schools and Families	33	1%	8	24%	8	24%	15	45%	2	6%	26	79%	8
CLC	684	31%	374	55%	110	16%	181	26%	19	3%	645	94%	7
Development & Renewal	196	9%	133	68%	24	12%	22	11%	17	9%	143	73%	9
Resources	305	14%	123	40%	107	35%	65	21%	10	3%	291	95%	6
Tower Hamlets Homes	968	43%	461	48%	18	2%	472	49%	17	2%	955	99%	8
Total Stage 1 Complaints	**2227**		**1120**	**50%**	**277**	**12%**	**765**	**34%**	**65**	**3%**	2098	94%	8
Stage 2	**2010/11**		**Not Upheld**		**Partially Upheld**		**Upheld**		**Withdrawn /Referred On**		**Closed In Time**		**Ave Days to Close**
Adults Health & Wellbeing	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Chief Executive's	6	2%	2	33%	2	33%	1	17%	1	17%	6	100%	9
Children Schools and Families	12	4%	4	33%	4	33%	4	33%	0	0%	9	75%	22
CLC	85	27%	50	59%	15	18%	14	16%	6	7%	79	93%	14
Development & Renewal	45	14%	28	62%	9	20%	7	16%	1	2%	33	73%	16
Resources	36	12%	21	58%	9	25%	3	8%	3	8%	36	100%	10
Tower Hamlets Homes	128	41%	58	45%	9	7%	56	44%	5	4%	122	95%	17
Total Stage 2 Complaints	**312**		**163**	**52%**	**48**	**15%**	**85**	**27%**	**16**	**5%**	285	91%	16
Stage 3	**2010/11**		**Not Upheld**		**Partially Upheld**		**Upheld**		**Withdrawn / Referred On**		**Closed In Time**		**Ave Days to Close**
Adults Health & Wellbeing	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Chief Executive's	15	12%	10	67%	1	7%	2	13%	2	13%	11	73%	16
Children Schools and Families	1	1%	1	100%	0	0%	0	0%	0	0%	1	100%	6
CLC	41	32%	29	71%	5	12%	6	15%	1	2%	34	83%	16
Development & Renewal	22	17%	17	77%	3	14%	2	9%	0	0%	19	86%	18
Resources	13	10%	9	69%	3	23%	1	8%	0	0%	10	77%	18
Tower Hamlets Homes	37	29%	12	32%	9	24%	15	41%	1	3%	34	92%	17
Total Stage 3 Complaints	**129**		**78**	**60%**	**21**	**16%**	**26**	**20%**	**4**	**3%**	109	84%	17

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Figure 2.4

2.2.1   Figure 2.4 provides an overview of the complaints by directorate at each stage.

2.2.2   The annual figures for the percentage of complaints competed on time has continued to rise significantly at stage 1, achieving 94 (92% in 2009/10; 83% 2008/09).

2.2.3   Similarly, at stage 2, an excellent 91% were completed in the standard time frame, equalling the previous years performance. Volumes of stage 3 complaints peaked in 2009/10 (184 cases), against 120 in 2008/09, and 87 in 2007/08. The increase in 2009/10 will be explained further in section 2.4.

2.2.4   As stated earlier, most Social Care complaints come under statutory procedures and are detailed in sections 3 and 4. Schools complaints also fall under a separate procedure at Stages 1 and 2, with the final stage coming under the Corporate Complaints Procedure, at stage 3.

2.3   Corporate Complaints by Service Area

2.3.1   The charts that follow provide a breakdown of the stage 1 corporate complaints in each directorate by service area. For any service that moved into a new directorate structure, the year on year comparison is shown in the directorate current at 1 April 2010.

Adults Health and Wellbeing

Stage 1 Adults Health & Wellbeing by issue

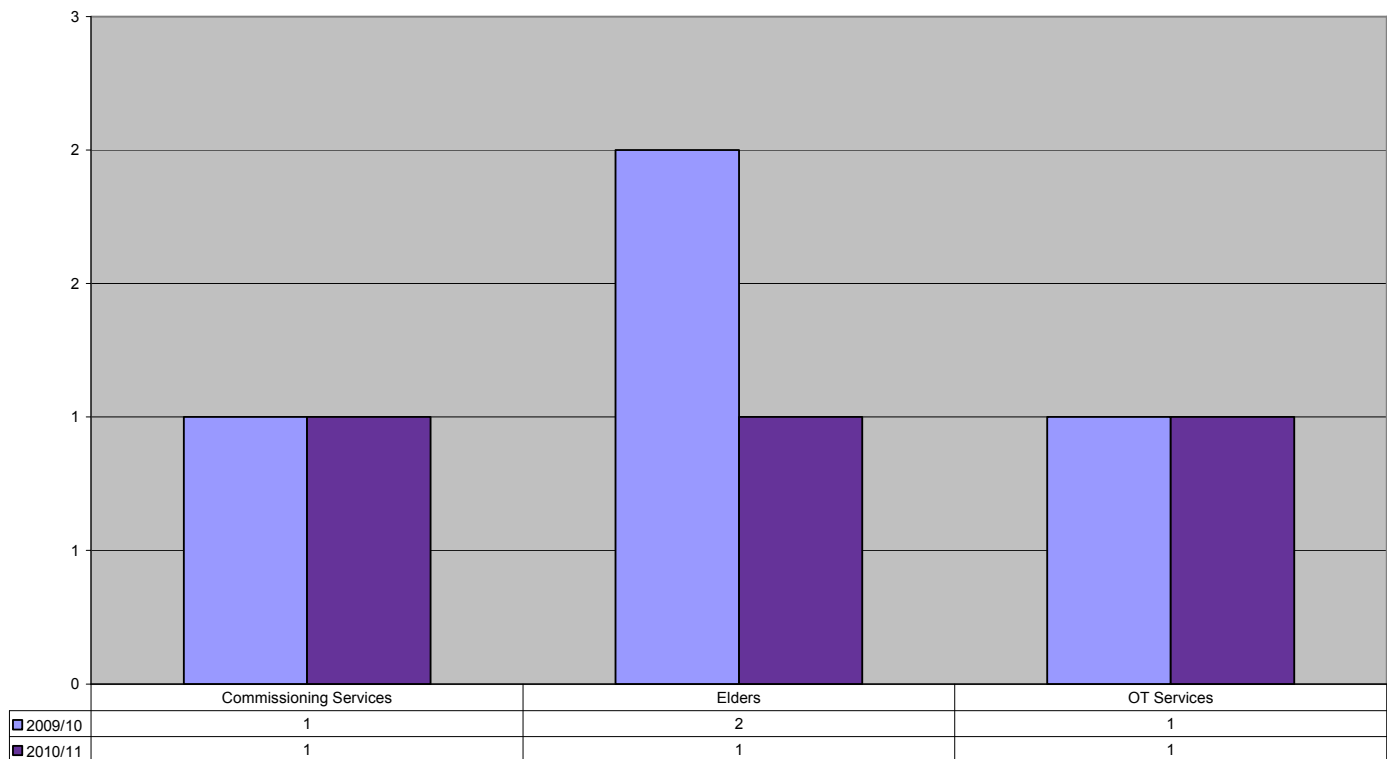|	Commissioning Services	Elders	OT Services
2009/10	1	2	1
2010/11	1	1	1

Figure 2.5

2.3.2 Corporate Complaints against Adults Health and Wellbeing relate to non-statutory processes and are few in number.

Chief Executive's

Stage 1 Chief Executive's Complaints by issue

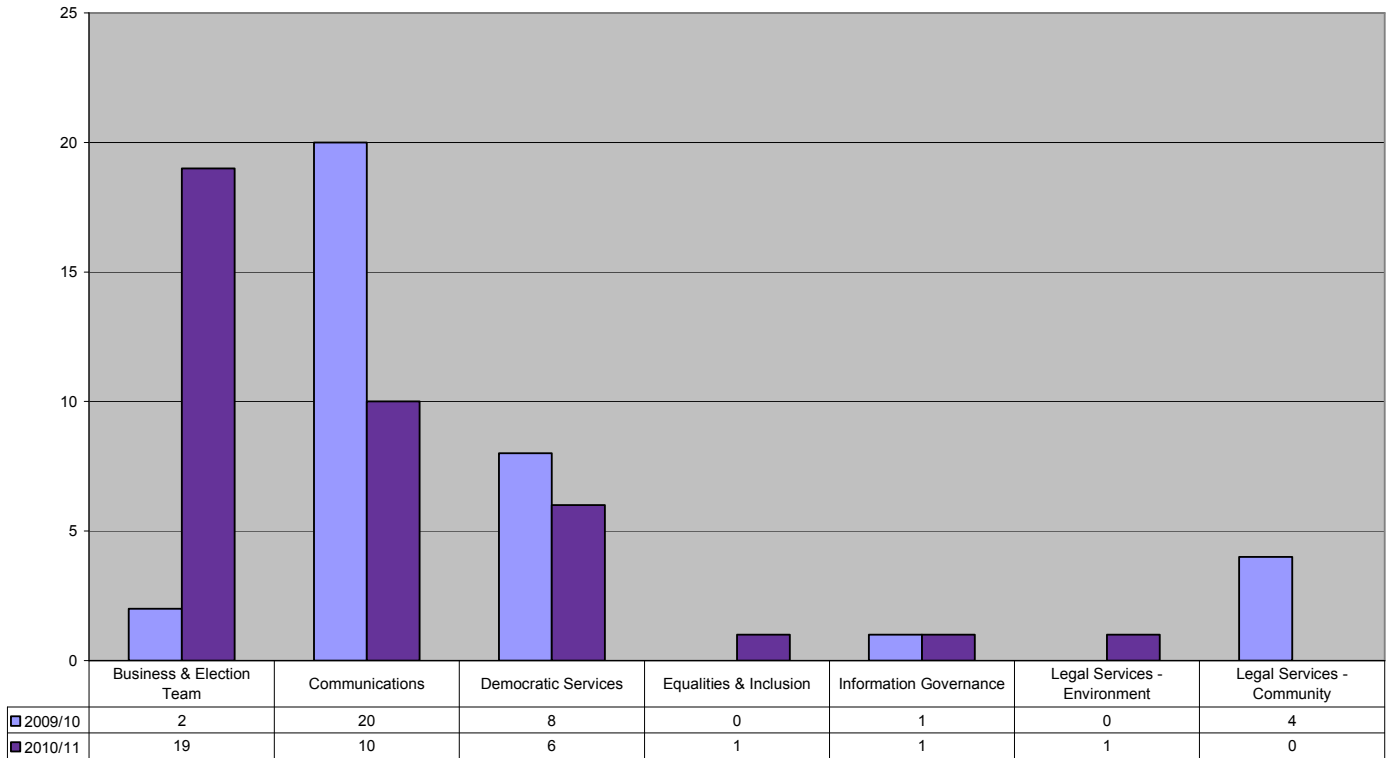|	Business & Election Team	Communications	Democratic Services	Equalities & Inclusion	Information Governance	Legal Services - Environment	Legal Services - Community
2009/10	2	20	8	0	1	0	4
2010/11	19	10	6	1	1	1	0

Figure 2.6

2.3.3 Although the volume of complaints in the Chief Executive's directorate is low in all sections, a number of complaints were received regarding Elections, and the volumes, although low, reflect that there were two elections during the year.

Children's Services

2.3.4 Children's Services complaints are also low in number, see figure 2.7 below.

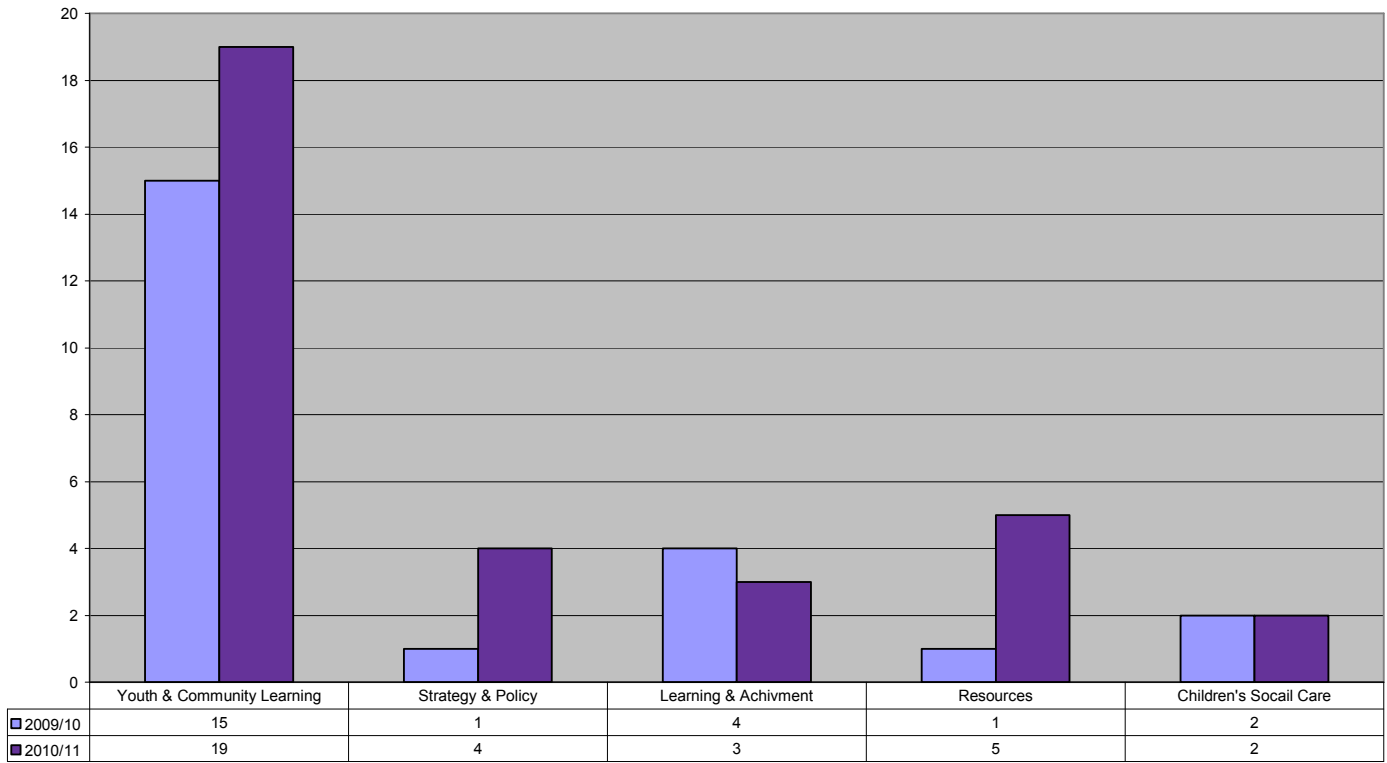## Stage 1 Children Schools and Families Complaints by Issue

	Youth & Community Learning	Strategy & Policy	Learning & Achivment	Resources	Children's Socail Care
2009/10	15	1	4	1	2
2010/11	19	4	3	5	2

Figure 2.7

Stage 1 CLC Complaints by Issue

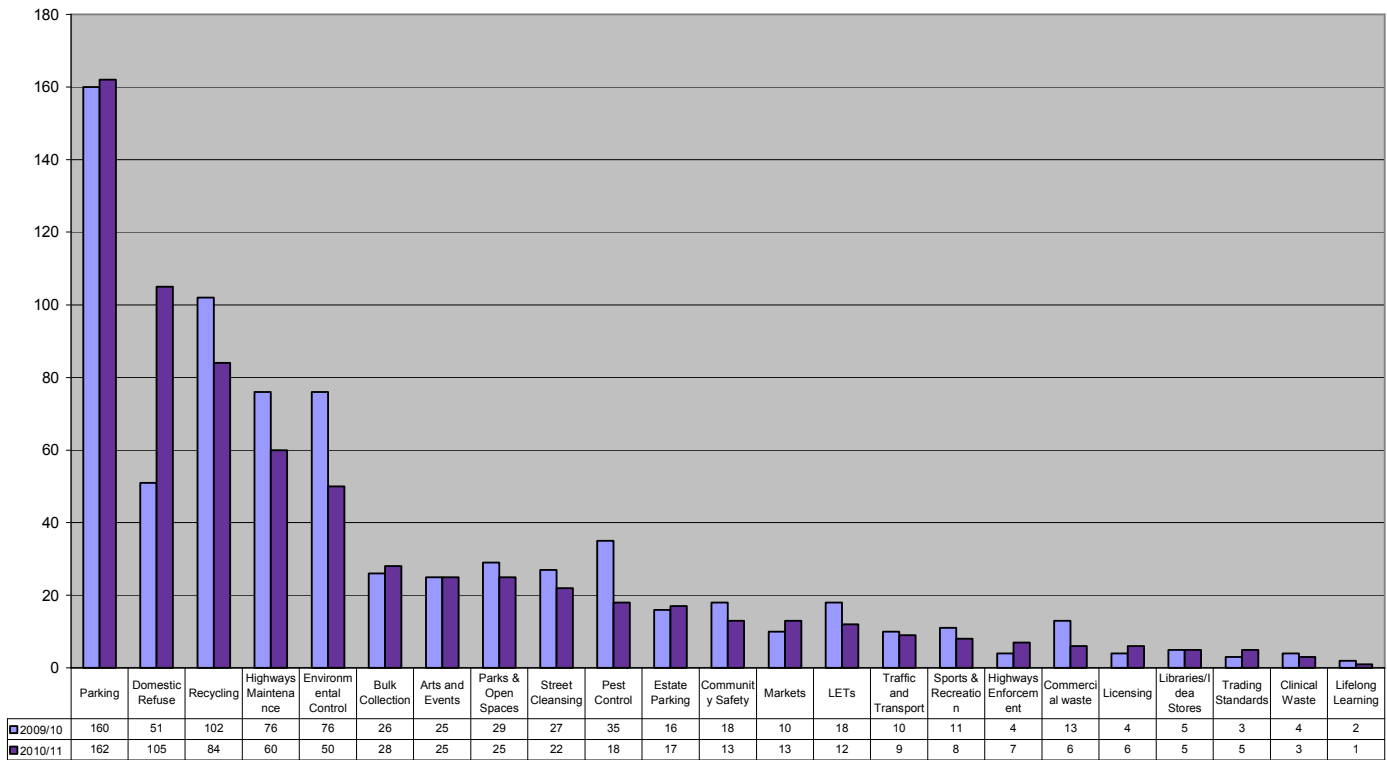|	Parking	Domestic Refuse	Recycling	Highways Maintenance	Environmental Control	Bulk Collection	Arts and Events	Parks & Open Spaces	Street Cleansing	Pest Control	Estate Parking	Community Safety	Markets	LETs	Traffic and Transport	Sports & Recreation	Highways Enforcement	Commercial waste	Licensing	Libraries/Idea Stores	Trading Standards	Clinical Waste	Lifelong Learning
2009/10	160	51	102	76	76	26	25	29	27	35	16	18	10	18	10	11	4	13	4	5	3	4	2
2010/11	162	105	84	60	50	28	25	25	22	18	17	13	13	12	9	8	7	6	6	5	5	3	1

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Figure 2.8

2.3.5 Complaints in Communities Localities and Culture (Figure 2.8) are spread across a range of services. Following a rise in complaints in 2008/09, performance issue have been addressed and volumes have fallen in both of the last two years. The volume of complaints regarding recycling has fallen considerably, as have environmental control and highways maintenance.

In November 2010 the Domestic refuse collection refuse rounds were rescheduled to improve efficiencies and the bedding in period unfortunately gave rise to an increase in missed collections. This was compounded by the adverse weather experienced during December 2010, as a number of roads and Estates could not be accessed for collections. Since the start of 2011, missed collections have decreased month on month and the Clean and Green Division was launched in April 2011, with Streetcare Officers now out in the Borough and responsible for monitoring refuse collection

Development and Renewal

Stage 1 Development & Renewal Complaints by Issue

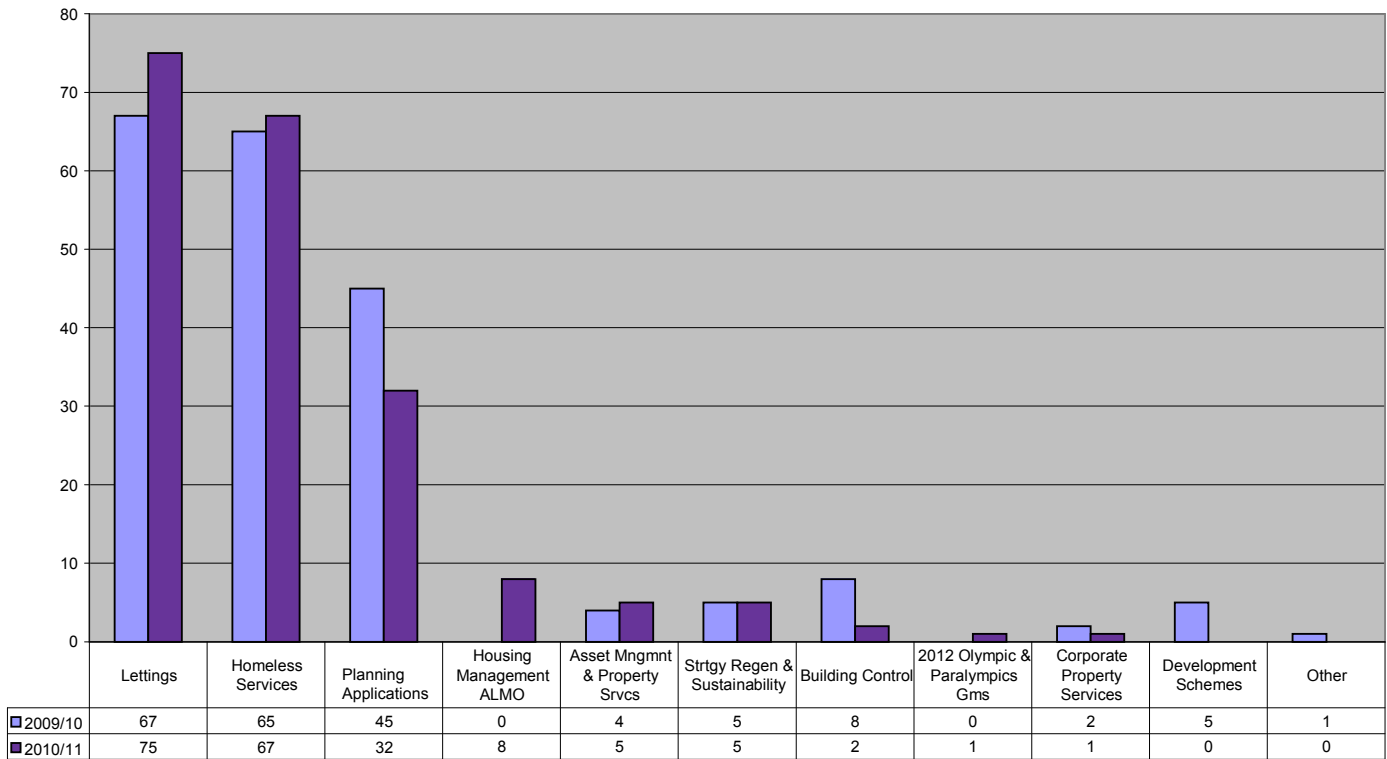|	Lettings	Homeless Services	Planning Applications	Housing Management ALMO	Asset Mngmnt & Property Srvcs	Strtgy Regen & Sustainability	Building Control	2012 Olympic & Paralympics Gms	Corporate Property Services	Development Schemes	Other
2009/10	67	65	45	0	4	5	8	0	2	5	1
2010/11	75	67	32	8	5	5	2	1	1	0	0

Figure 2.9

2.3.6 Complaints regarding Planning Applications have fallen, and Homeless Services and Lettings remain at a similar level to 2009/10.

Resources

2.3.7 In the Resources directorate, services with a high rate of direct customer contact have the highest volume of complaints (see figure 2.10 overleaf).

The early stages of bedding in the Council's new telephony gave rise to a number of complaints. Further improvements have been made to the voice recognition system to help Customers get through to the correct person first time. Complaints have been reduced in the Contact Centre and One Stop Shops as a result of more training with staff on Customer Care and improvements to processes e.g. production of paperwork and on line permit renewals.

The Council has also invested in the redesign of the two largest One Stop Shops, resulting in a better customer experience.

Despite the rise in new Benefits claims handled by the Council during the period 2010/11 the rate of complaint remains the same as the previous period.

Stage 1 Resources Complaints by Issue

	Benefits	Council Tax	Contact Centre	One Stop Shops	ICT	Risk Management & Audit	Revenues	Corporate Complaints	Human Resources	Procurement	Social Care	Facilities Management
2009/10	75	99	87	88	8	9	1	2	5	0	1	2
2010/11	77	76	60	52	16	11	5	3	3	1	1	0
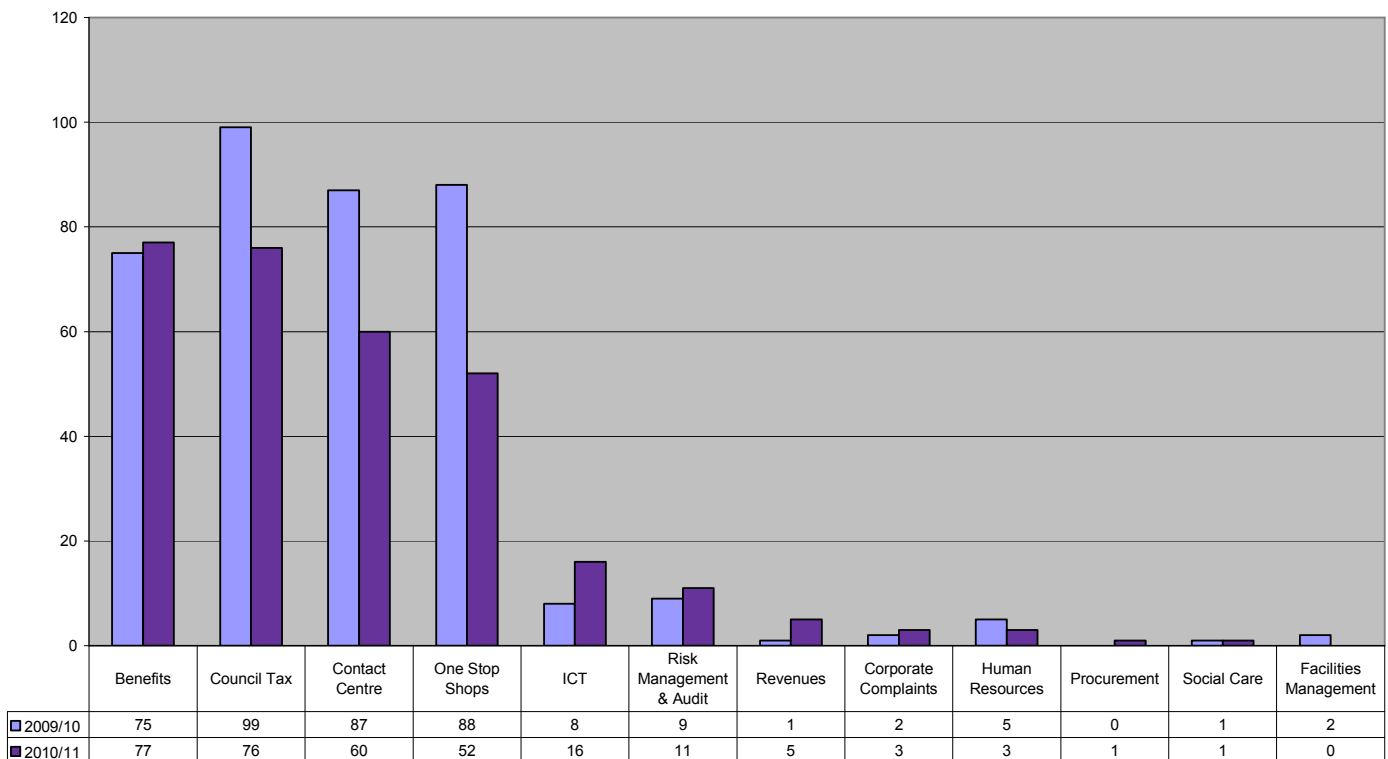
Figure 2.10

Tower Hamlets Homes

Stage 1 Tower Hamlets Homes Complaints by Issue

	Repairs	Housing Management NHO	Leasehold Services	ASB Team	Caretaking	Rents	HUB	Capital Works	Strategy & Performance	Other
2009/10	586	162	63	18	43	27	8	11	6	2
2010/11	625	139	58	43	32	31	20	14	4	2
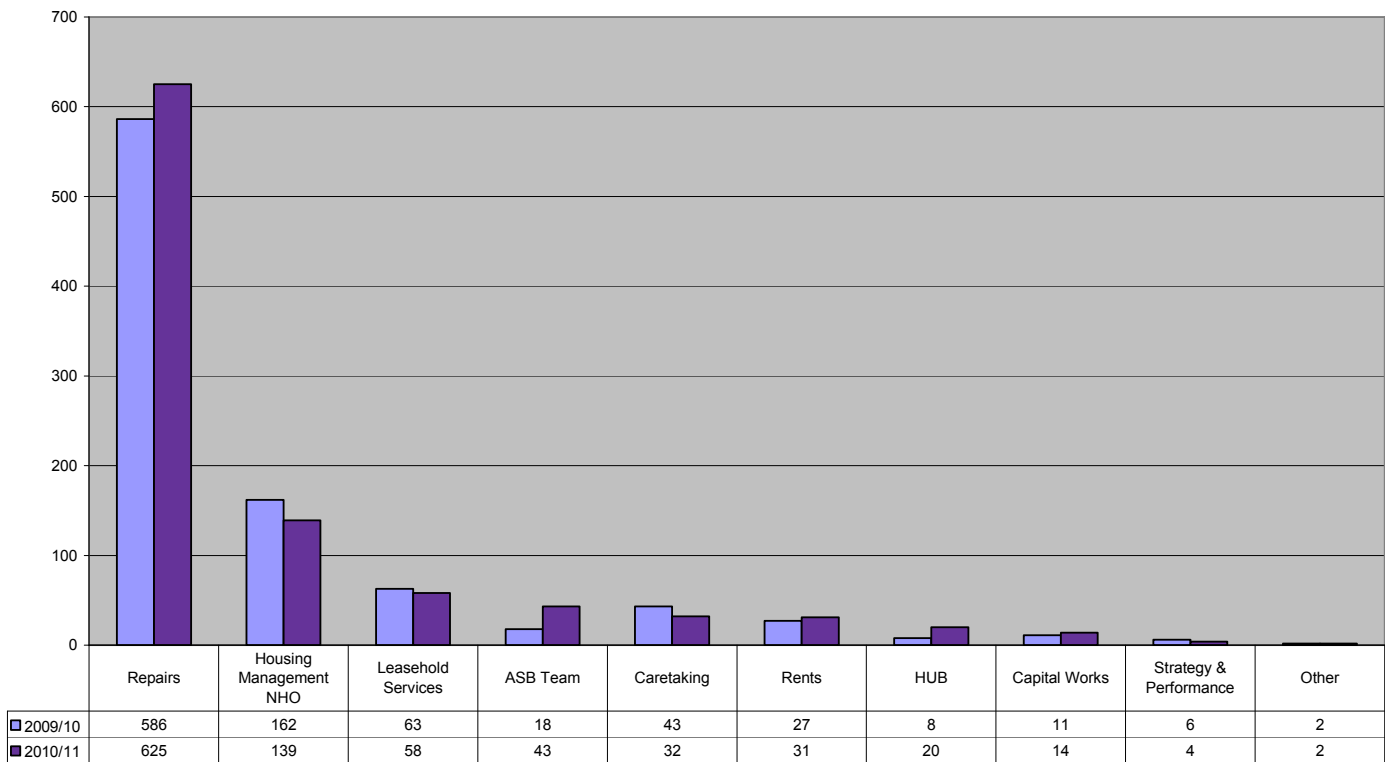
Figure 2.11

2.3.8   Housing related complaints have fallen overall, and this is noticeable in a number of key areas, with repair issues still comprising the highest volume. Historically, seasonal variance has seen a rise in repairs complaints throughout winter. The severity of last winter resulted in a large increase of calls and extra demand on the resources of contractors. Correspondingly, during this period our then repairs contractors were working their notice, with a new contactor commencing work on 1st April. The combination of these resulted in underperformance and subsequently THH saw an increase in official complaints.

STAGE 3 COMPLAINTS

Stage 3 Complaints Response Times						
Financial Year	Total Answered	Completed in Time		Answered outside timescale		Average response times (days)
2009/10	184	137	74%	47	26%	17.82
2010/11	129	109	84%	20	16%	16.78

Figure2.12

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2.4.1 The volume of complaints reaching stage 3 also the escalation rates from stage 1 to stage 3 has fallen from 8% in 2009/10 to 6% in 2010/11. The percentage completed in time has risen to 84%.

Comparison of Stage 3 Complaints								
	Total	Not Upheld		Partially Upheld		Upheld		Withdrawn or Referred On
01/04/2009 31/03/2010	**184**	113	61%	41	22%	27	15%	3	2%
01/04/2010 31/03/2011	**129**	78	60%	21	16%	26	20%	4	35

Figure2.13

2.4.2 There are a number of issues that are only considered at the final stage of the corporate complaints procedure, and in this sense the procedure is used as a final appeal. Stage 3 Estate Parking complaints are in essence a final stage appeal against vehicle removal. Challenges to Freedom of Information requests are also considered at stage 3.

2.4.3 When considering the proportion of complaints upheld, (or upheld in some part) there is little movement between the years. Figure 2.14 below takes a closed look at where the greatest increases fell by service, as well as the greatest decreases. The fall in estate parking complaints accounts for the overall change in volume (and indeed was the reason for the increase in the previous year).

Biggest Changes by Service Issues of Stage 3 Complaints

	CLC - Noise Nuisance	THH - ASB Team	CLC - Arts and Events	D&R - Homeless Services	Resources - Risk Management	D&R - Applications	D&R - Lettings	Resources - Council Tax	THH - Housing Management	CSF - Young People and Learning	THH - Repairs	THH - Leasehold Services	CLC - Estate Parking
Series1	5	5	3	3	3	2	2	(6)	(6)	(8)	(8)	(8)	(35)
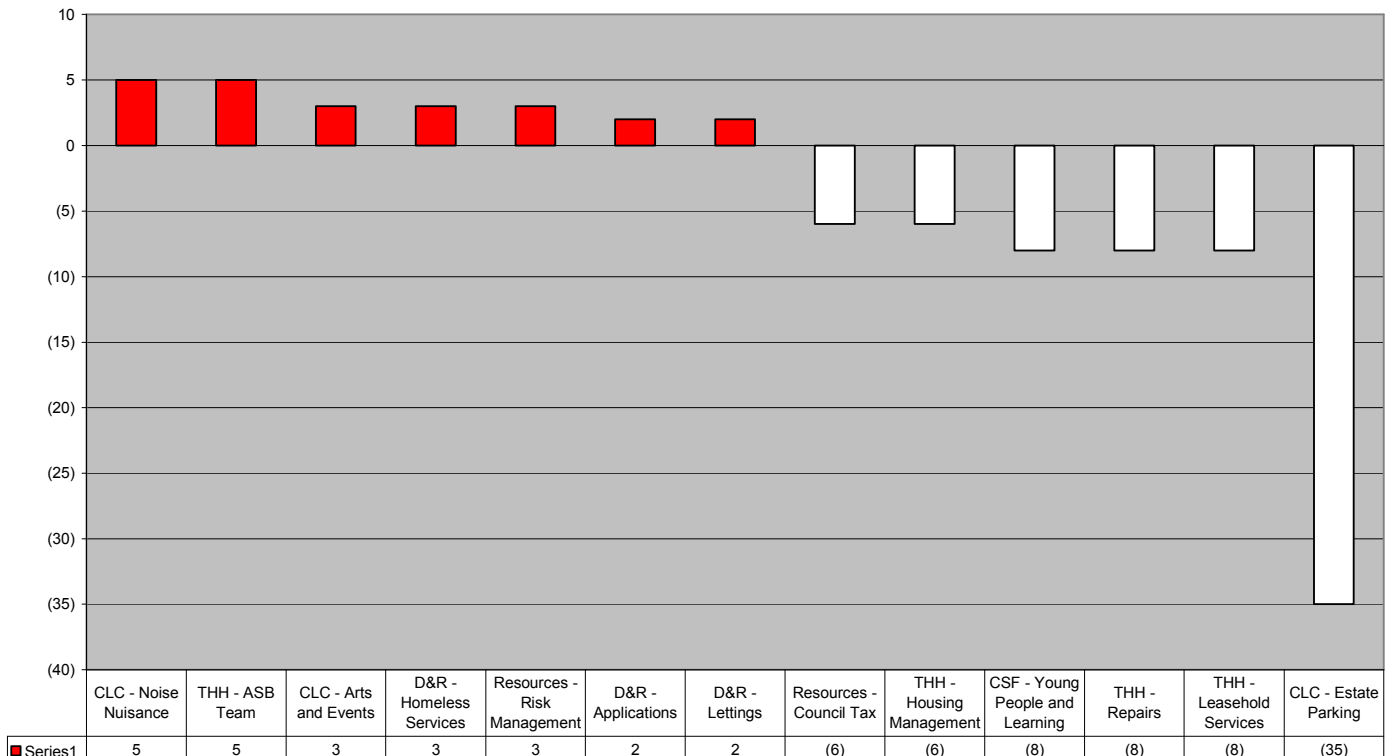
Figure 2.14

2.4.4 A summary of compensation paid past three years is shown in below.

	Number of stage 3 cases warranting compensation	Total value of Compensation
2010/11	15	£4,455
2009/10	30	£5,345
2008/09	14	£3,390

Figure2.15

2.4.5 Of the £4,455 compensation paid in 2010/11, £510 was in refunds for estate parking fees, £3,050 for repairs (6 cases with the largest payment being £2,000), £250 for delay in handling ASB and £500 for a delay in correctly assessing and providing temporary accommodation in a homeless case.

2.4.6 Summary of Key Issues in Stage 3 Complaints Upheld.

In two Freedom of Information Reviews, information previously refused was provided.

Three issues of noise nuisance and Antisocial Behaviour were addressed and the process for progressing Noise Abatement notices was revised.

The collection schedule for Domestic Waste collection was revised to ensure collection at a property and three Estate Parking Appeals resulted in the fees being refunded.

One Homeless Applicant was offered £500 in compensation as an offer of accommodation was delayed. Another applicant was not offered assistance with storing his belongings, although the impact of this is still being assessed.

A delay occurred in verifying key information that would have avoided any misunderstanding when assessing eligibility for Cash Incentive Scheme.

In a number of cases there was delay in progressing repairs to domestic properties, communal areas and lifts. The contract administrator was changed as a result of a complaint regarding major works and this enabled the project to continue satisfactorily.

2.5   COMPLAINTS SERVICE USER PROFILES

2.5.1   The service can be accessed by email, in person, minicom, phone, post, and web-form. A breakdown of access methods is provided in Figure 2.16 below.

Breakdown of how complaints are received				
Stage 1	**2009/10**		**2010/11**	
Phone	912	40%	966	43%
In Person	10	0%	11	0%
Post	353	15%	270	12%
Email	755	33%	816	37%
Web	262	11%	164	7%
Total Complaints	**2292**		**2227**	
Stage 2	**2009/10**		**2010/11**	
Phone	103	29%	62	20%
In Person	6	2%	3	1%
Post	106	29%	65	21%
Email	138	38%	177	57%
Web	8	2%	5	2%
Total Complaints	**361**		**312**	
Stage 3	**2009/10**		**2010/11**	
Phone	10	5%	2	2%
In Person	2	1%	1	1%
Post	94	51%	46	36%
Email	75	41%	79	61%
Web	3	2%	1	1%
Total Complaints	**184**		**129**	

Figure 2.16

2.5.2   Web form and email submissions increased to 44% of the total volume, with phone contact remaining at 43% and, although still a significant access route, postal contact falling to 12%. At the later stages of the procedure, there is more contact in writing, predominately by email 61%, and 36% by post.

2.5.3   The team try to collect equalities data to follow trends and analyse the impact of services on sectors of the community. Collection rates vary and although they are increasing year on year for most strands, the percentage known is not yet high enough to allow meaningful analysis for some strands (e.g. Religion and Sexual Orientation).

% of data known for each equalities strand	2008/09	2009/10	2010/11
Age	36%	41%	46%
Disability	40%	44%	47%
Ethnicity	55%	61%	65%
Gender	99%	100%	100%
Religion	22%	32%	32%
Sexual Orientation	13%	23%	28%

Figure 2.17

Stage 1 Complaints by Ethnicity					
	2009/10		Borough Projection	2010/11	
Asian	466	20%	36.6%	625	28.06%
Black	90	4%	6%	111	4.98%
Mixed /Dual Heritage	28	1%		15	0.67%
White	683	30%	51%	698	31.34%
Other	16	1%		8	0.36%
Declined	175	8%		129	5.79%
Not Known	834	36%		641	28.78%
Total Stage 1 Complaints	2292			2227	

Figure2.18

2.5.4   Overall the volume of complaints where ethnicity is known does not vary significantly from the projected Borough population.

Complaints by Gender 2010/11						
	Stage 1		Stage 2		Stage 3	
Female	1054	47.3%	120	38.5%	46	35.7%
Male	1173	52.7%	192	61.5%	83	64.3%
Totals	2227		312		129	

Figure 2.19

2.5.5 It is noticeable that the proportion of male complainants taking matters through to the final stages of the complaints procedure is greater than for women.

2.5.6 .

Stage 1 Complaints by Disability				
	2009/10		2010/11	
Yes	244	11%	213	9.56%
No	764	33%	825	37.05%
Declined	192	8%	177	7.95%
Not Known	1092	48%	1012	45.44%
Total Stage 1 Complaints	2292		2227	

Figure 2.20

Stage 1 Complaints by Age				
	2009/10		2010/11	
12 - 19	16	0.7%	9	0.4%
20 - 25	78	3.4%	76	3.4%
23 - 35	0	0%	5	0.2%
26 - 34	231	10.1%	263	11.8%
35 - 43	235	10.3%	252	11.3%
36 - 45	0	0%	1	0.0%
44 - 52	153	6.7%	171	7.7%
53 - 59	90	3.9%	93	4.2%
56 - 64	0	0%	1	0.0%
60 - 64	48	2.1%	56	2.5%
65+	114	5.0%	91	4.1%
Declined	164	7.2%	201	9.0%
Not Known	1163	50.7%	1008	45.3%
Total Stage 1 Complaints	2292		2227	

Figure 2.21

Stage 1 Complaints by Religion				
	2009/10		2010/11	
Buddhist	5	0.2%	5	0.2%
Christian	279	12.2%	204	9.2%
Hindu	13	0.6%	2	0.1%
Jewish	11	0.5%	8	0.4%
Muslim	387	16.9%	410	18.4%
Sikh	2	0.1%	6	0.3%
No Religion	101	4.4%	74	3.3%
Declined	293	12.8%	243	10.9%
Not Known	1201	52.4%	1275	57.3%
Total Stage 1 Complaints	**2292**		**2227**	

Figure 2.22

Stage 1 Complaints by LAP Areas

	LAP Area 1	LAP Area 2	LAP Area 3	LAP Area 4	LAP Area 5	LAP Area 6	LAP Area 7	LAP Area 8	Out of Borough
Adults Health & Wellbeing	0	0	1	0	0	0	1	1	0
Chief Executive's	11	1	4	5	3	3	6	3	2
Children Schools and Families	5	3	1	7	2	2	1	8	4
CLC	126	70	84	43	93	48	59	48	113
Development & Renewal	40	27	26	11	17	18	18	11	28
Resources	60	27	34	20	44	22	42	22	34
Tower Hamlets Homes	333	111	170	109	82	16	109	25	13
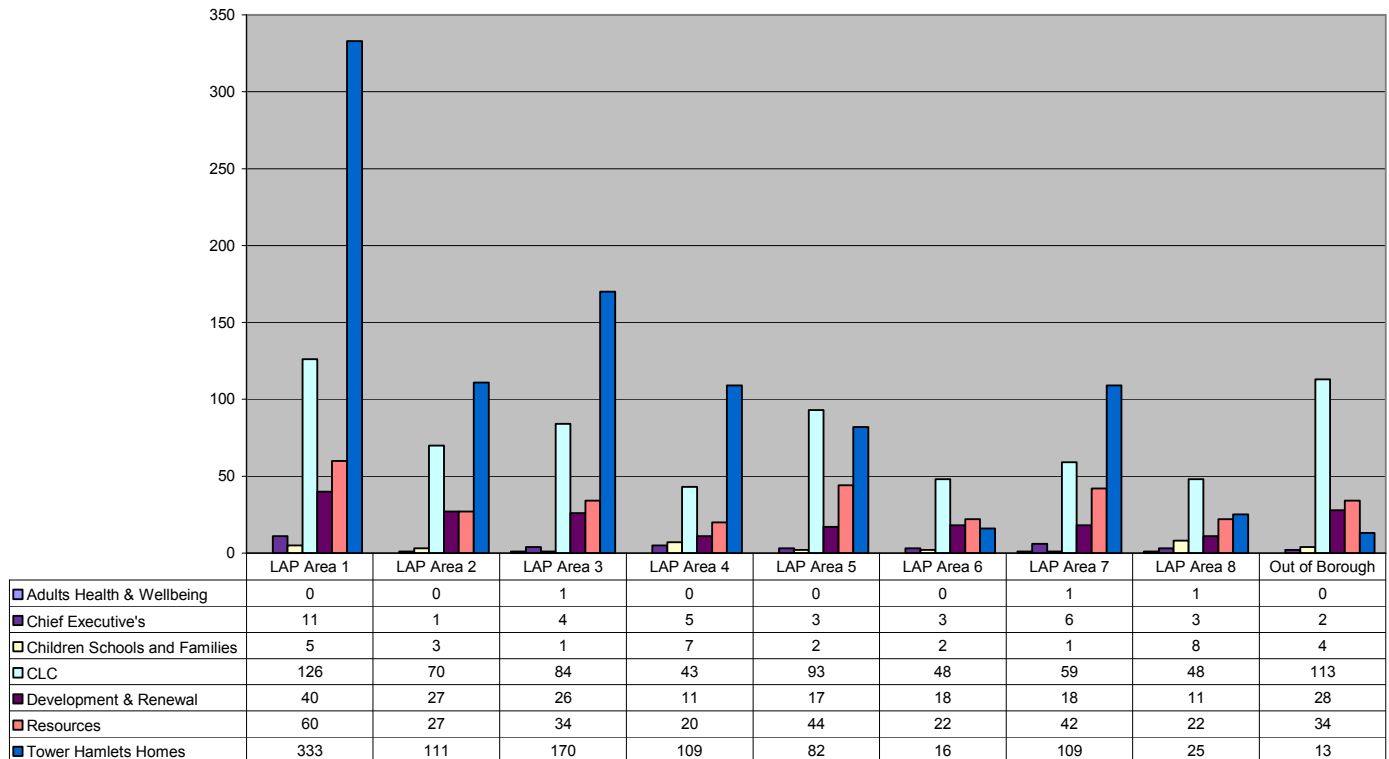
Figure 2.23

2.5.8　Figure 2.23 above shows the volume of complaints by LAP for stage 1, under each directorate. More detailed breakdowns can be provided by LAP on request, and complaints data is also provided to Members through the performance digest.

3　Adults Social Care Complaints

3.1　New Procedure

3.1.1　From 1 April 2009, the Council adopted an interim procedure for handling Adult Social Care Complaints to meet the changes set out in section 1.7 of this document. From September to December 2009, the Complaints Team and Adults Health and Wellbeing Quality Team conducted a review of its impact, effectiveness and ease of access and the procedure has since been ratified and a communication strategy agreed. Alongside data held on complaints considered since implementing the new procedure, a workshop was held for user and advocacy groups; individual complainants were asked for feedback; as were staff, to inform the review.

3.1.2　User groups, advocacy and support groups provided important insights to access issues and the complaints team is maintaining regular contact to ensure that there is an effective dialogue to maximise access and confidence.

3.1.3　The legislation sets out a requirement to cooperate and coordinate responses for issues that may overlap with Health services. In a successful joint venture with the PCT, joint publicity materials have been produced and distributed throughout the borough.

3.1.4　Some matters will always be raised direct with the service and resolved without recourse to a formal complaint procedure. In order to capture important data from these interactions, we have produced a proforma for services to hold their records. Use of this method of recording has increased over the year and data is intended to be used in future reports.

3.1.5　The new procedure allows one stage of investigation only, although the form this takes is agreed in the light of the issues raised. Over the year, a variety of methods have been used, including round table meetings, formal interview and file reviews, and liaison between the service manager and the complainant. Key to resolving matters has been the emphasis on identifying a resolution plan with the complainant.

3.1.6　Table 3.1 below compares the year on year volumes and although a rise in complaints is shown, the volumes in 2009/10 were exceptionally low. The change in focus to early resolution also encourages staff immediately involved an impetus to work though issues in advance of any formal complaint being received.

Volume of Adult Social Care Complaints				
	2009/10	**2010/11**	**Variance**	
	23	37	14	61%
Total Complaints	**23**	**37**	**14**	**61%**

Figure 3.1

Adults Social Care Complaints - By Performance

Complaints Answered	Totals	Within 10 working days		Within 20 working days		Within 30 Working Days		Within 40 Working Days		Within 50 Working Days		Average Days to Complete
2009/10	23	11	48%	9	39%	2	9%	0	0%	1	4%	13
2010/11	37	15	41%	14	38%	5	14%	3	8%	0	0%	15

Figure 3.2

3.1.7 The new procedure also does not set timescales for completion, and this is agreed at the onset of each case. In order to provide monitoring information we are capturing data of complaints closed within 10 working day brackets. Table 3.2 indicates that 29 complaints were completed in less than 20 working days (79%). In 2010/11, all complaints were completed within 40 working days.

Adults Social Care Complaints by Division

	2009/10	Variance		2010/11		Not Upheld		Partially Upheld		Upheld		Withdrawn or Referred On	
Commissioning Services	**1**	1	100%	**2**	**5%**	1	50%	1	50%	0	0%	0	0%
Disability and Health	**1**	9	900%	**10**	**27%**	6	60%	2	20%	2	20%	0	0%
Elders	**9**	6	67%	**15**	**41%**	9	60%	1	7%	4	27%	1	7%
Learning Disabilities	**2**	0	0%	**2**	**5%**	1	50%	0	0%	1	50%	0	0%
OT Services	**7**	-1	-14%	**6**	**16%**	1	17%	3	50%	2	33%	0	0%
Resources	**3**	-1	-33%	**2**	**5%**	0	0%	1	50%	1	50%	0	0%
Totals	**23**	**14**	**61%**	**37**	100%	**18**	**49%**	**8**	**22%**	**10**	**27%**	**1**	**3%**

Figure 33

3.2 Reason For Complaints

3.2.1 The number of complaints challenging assessment decisions rose in 2010/11. Complaints concerning delay or service failure rose and this requires close attention to ensure that

assessed needs are being met. The key issues addressed are summarised in section 3.4 below.

Adults Social Care Complaints by Reason													
	2009/10	**Variance**		**2010/11**		**Not Upheld**		**Partially Upheld**		**Upheld**		**Withdrawn or Referred On**	
Challenge Assessment Decision	**8**	5	63%	**13**	**35%**	8	62%	2	15%	3	23%	0	0%
Conduct / Competence	**10**	0	0%	**10**	**27%**	4	40%	3	30%	3	30%	0	0%
Diss. of Policy/ Procedure	**1**	-1	-100%	**0**	**0%**	0	0%	0	0%	0	0%	0	0%
Records / Info Held	**1**	-1	-100%	**0**	**0%**	0	0%	0	0%	0	0%	0	0%
Service Delay / Failure	**3**	10	333%	**13**	**35%**	5	38%	3	23%	4	31%	1	8%
Service Quality	**0**	1	0%	**1**	**3%**	1	100%	0	0%	0	0%	0	0%
Totals	**23**	**14**	**61%**	**37**	100%	**18**	**49%**	**8**	**22%**	**10**	**27%**	**1**	**3%**

Figure 3.4

3.3   Access and Profiles

3.3.1   People making Social Care complaints by telephone has fallen from 54% to 14%, although it appears to be that initial phone calls are backed up by email or letter.

Breakdown of how Adults Social Care Complaints are received				
How Received	**2008/09**		**2009/10**	
Email	5	9%	8	29%
Fax	0	0%	1	4%
In Person	1	2%	3	11%
Phone	31	54%	4	14%
Post	20	35%	12	43%
Total Complaints	**57**		**28**	

Figure 3.5

3.3.2   Figure 3.6 below indicates that there is a slight under-representation of Asian service users making complaints. However, there were no issues of discrimination reported.

Adults Social Care Complaints - By Ethnicity				
	Complaints 2009/10		Complaints 2010/11	
Asian	3	13%	6	16%
Black	2	9%	6	16%
Not Known	4	17%	5	14%
White	14	61%	20	54%
Totals	23		37	

Figure 3.6

3.4 Summary of key issues in upheld cases

Compensation was offered after entry was forced into a service user's home due to concerns regarding his safety, when further checks could have provided reassurance.

Problems with withdrawal of service and progressing direct payment led to a payment of £1,750 compensation.

In a further three cases care was increased or continued for a longer period following a complaint, to facilitate re-enablement.

Additional training was requested to enable home care workers to deal appropriately with difficult situations.

4 Children's Social Care Complaints

4.1 Complaint Volumes

4.1.1 Children's Social Care retains a three stage procedure, and complaint volumes fell in 2010/11.

Volume of Children's Social Care Complaints				
Year	2009/10	2010/11	Variance	
Stage 1	35	26	-9	-26%
Stage 2	11	6	-5	-45%
Review Panel	1		-1	-100%
Total Complaints	47	32	-13	-28%

Figure 4.1

No. of Stages

35

30

25

20

15

10

5

0

Stage 1   Stage 2   Review Panel

35

26

11

6

1
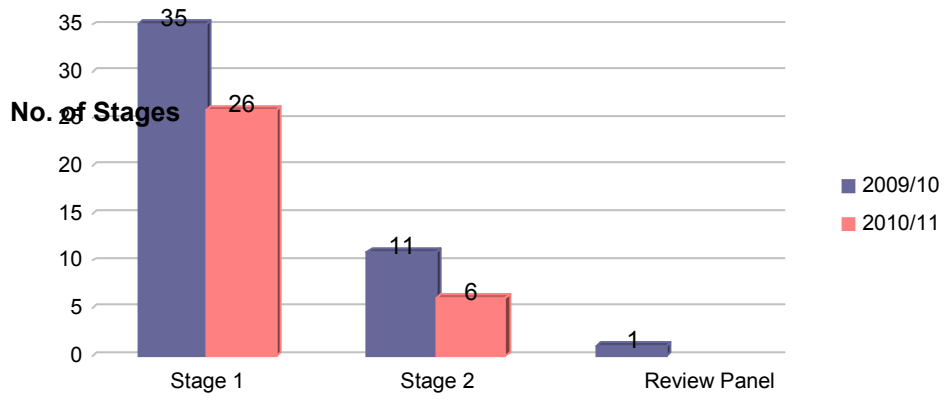
2009/10
2010/11

4.2 Complaint Response Times

Stage 1 Children's Social Care Complaints - By Performance							
	Total	Answered within 10 working days		Answered within 20 working days		Answered outside timescale		Average response times (days)
2009/10	35	21	60%	31	89%	4	11%	8
2010/11	26	16	62%	23	88%	3	12%	7

Figure 4.2

4.2.1   The above table (figure 4.2) shows that 62% of Stage 1 complaints in Children's Social Care were answered within the 10 working day time scale, and 88% completed in the extended times scale. Three complaints were answered outside of the timescales. However the overall response rate improved to an average of 7 working days.

4.2.2   The Complaints Team aims to respond to 15% of stage 2 complaints with 25 working days and to 80% within 65 working days. Figure 4.3 shows that on 33% of complaints were completed within the 65 working day deadline..

Stage 2 Children Schools and Families Social Care Complaints - By Performance							
	Total	Answered within 25 working days		Answered within 65 working days		Answered outside timescale		Average response times (days)
2009/10	11	1	8%	7	58%	4	33%	63
2010/11	6	0	0%	2	33%	4	67%	71

Figure 4.3

4.2.3.   It should be noted that complaints in Children's Social Care are often complex and the regulations require the local authority to appoint and independent person to oversee the investigation. However, the Complaints Team continue to strive to improve this performance and work closely with the Children's Rights Officer to ensure effective liaison with the young person.

4.3 Reason for Complaint

Stage 1 Children's Social Care Complaints by Section														
	2009/10	Variance		2010/11		Not Upheld		Partially Upheld		Upheld		Withdrawn or Referred On	
Children Looked After & Leaving Care	5	4	80%	9	35%	3	33%	4	44%	2	22%	0	0%
Children's EDT	1	-1	-100%	0	0%	0	0%	0	0%	0	0%	0	0%
Children's Resources	5	1	20%	6	23%	3	50%	1	17%	1	17%	1	17%
Fieldwork Services	21	-11	-52%	10	38%	8	80%	1	10%	1	10%	0	0%
Integrated .Services Children Disability	3	-2	-67%	1	4%	0	0%	1	100%	0	0%	0	0%

Stage 2 Children's Social Care Complaints by Section														
	2009/10	Variance		2010/11		Not Upheld		Partially Upheld		Upheld		Withdrawn or Referred On	
Children Looked After & Leaving Care	0	1		1	17%	0	0%	0	0%	1	100%	0	0%
Children's EDT	1	-1	-100%	0	0%	0	0%	0	0%	0	0%	0	0%
Children's Resources	2	0	0%	2	33%	0	0%	2	100%	0	0%	0	0%
Fieldwork Services	8	-5	-63%	3	50%	0	0%	2	67%	1	33%	0	0%

Figure 4.4

4.3.1   Fieldwork services have received the highest number of complaints at Stage 1 and Stage 2, as is expected (see Figure3.8). This is due to the potentially contentious nature of the service and the large number of service users.

4.3.2   Section 4.5 contains a summary of the key issues upheld.

4.3.3   Figure 4.5 indicates that the highest number of complaints in Children's Social Care remains "challenging assessments decisions" which may result in re-assessment, if it is found that there were issues in the original assessment process.

Stage 1 Children's Social Care Complaints by Reason													
	2009/10	Variance		2010/11		Not Upheld		Partially Upheld		Upheld		Withdrawn or Referred On	
Alleged Discrimination	0	1	0%	1	4%	1	100%	0	0%	0	0%	0	0%
Challenge Assessment Decision	21	-12	-57%	9	35%	5	56%	3	33%	1	11%	0	0%
Conduct / Competence	9	-1	-11%	8	31%	5	63%	2	25%	1	13%	0	0%
Service Delay / Failure	5	-1	-20%	4	15%	2	50%	0	0%	1	25%	1	25%
Service Quality	0	4	0%	4	15%	1	25%	2	50%	1	25%	0	0%
Total Stage 1 Complaints	35	-9	-26%	26	100%	14	54%	7	27%	4	15%	1	4%

Figure 4.5

4.4 Service User Profiles

Stage 1 Children's Social Care Complaints - By Ethnicity				
	Complaints 2009/10		Complaints 2010/11	
Asian	10	29%	3	12%
Black	7	20%	4	15%
Mixed /Dual Heritage	3	9%	0	0%
White	13	37%	17	65%
Other	0	0%	1	4%
Not Known	2	6%	1	4%
Total Stage 1 Complaints	35		26	

Figure 4.6

4.4.1 Figure 4.6 shows the number of those receiving a service by ethnicity and the volumes of complaints for each group. The volumes are low and there have been no indications that the complaints have been made following an experience of discrimination.

4.5 Summary of key issues in upheld complaints.

The adoption and pre-adoption training policies were updated following service user feedback. Also a decision was taken to introduce formal recording of family finding meetings which could be shared with all participants.

In two cases, arrangements for familial contact with a child looked after were improved, and in one case the return of a young person to the parental home identified areas of poor communication with the young person.

A number of other cases concerned communication and handling confidential information.

A longstanding dispute regarding the award of foster care allowance was resolved by agreement to re-assess the carers' finances.

5   LOCAL GOVERNMENT OMBUDSMAN (LGO) COMPLAINTS

5.1   Set out below are details of the complaints closed by the Ombudsman in 2009/10, their findings and the Council's response times to new enquiries.

5.2   Complaints Closed by the Ombudsman.

Ombdsman Decisions

	Mal-administration causing injustice	Local Settlement	No Mal-administration	Ombudsman's Discretion	Out of Jurisdiction	Total
2008/09	0	22	26	17	14	79
2009/10	1	19	41	15	23	99
2010/11	0	12	30	12	9	63
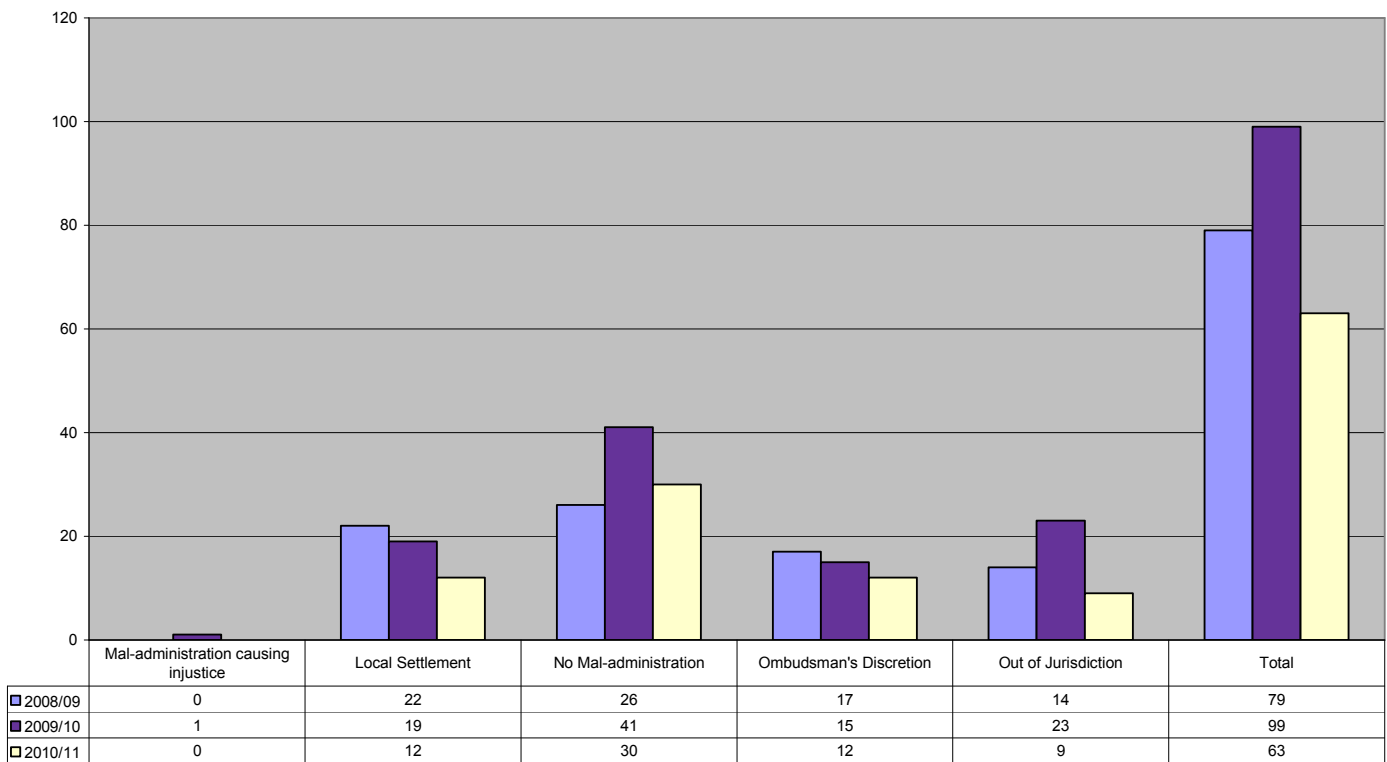
Figure 5.1

5.2.1   Set out in Figure 5.1 above is the volume of complaints closed by decision. No formal reports were issued this year. Local Settlements are agreed where there is some indication of fault, or where a compromise might promote a positive relationship, and fewer Local Settlements were agreed than in previous years. Details are reported at section 5.3.

5.2.2   Figures 5.2 below and 5.3 overleaf show local settlements by directorate, and by directorate and division respectively. It is rare for a service to experience more than one settlement, indicating that errors are usually one off rather than systemic faults.

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5.2.3   Tower Hamlets Homes have seen a strong improvement in the number of complaints settled.

Ombudsmen Local Settlements by Directorate

	Adults Health & Wellbeing	Chief Executive's	Children Schools and Families	CLC	Development & Renewal	Resources	Tower Hamlets Homes
2008/09	1	0	2	3	4	0	12
2009/10	0	0	2	4	2	1	10
2010/11	1	0	2	3	1	2	3
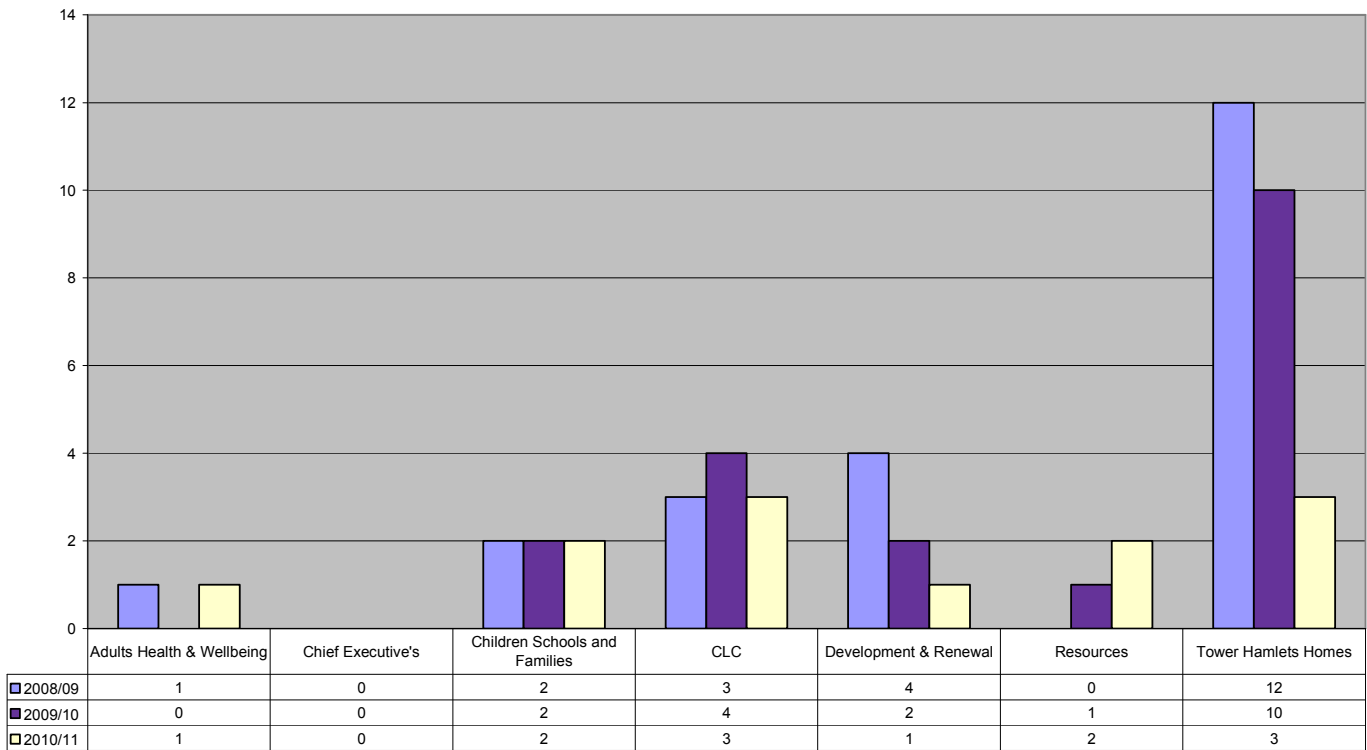
Figure 5.2

Ombudsmen Local Settlements by Service Issue

	AHW - Social Care	CSF - Social Care	CSF - Education	CLC - Estate Parking	CLC - Noise Nuisance	CLC - Parking	CLC - Highways Enforceme	DR - Planning Application	DR - Building Control	DR - Homeless Services	Res. - Benefits	Res. - Council Tax	THH - Repairs	THH - Estate Services	THH - Leasehold Services	THH - Tennacy Mangmnt
2008/09	1	1	1	1	0	1	1	1	1	2	0	0	8	1	1	2
2009/10	0	1	1	2	1	1	0	0	0	2	1	0	5	0	1	4
2010/11	1	1	1	2	0	1	0	1	0	0	1	1	1	0	1	1

Figure 5.3

5.2.4 Summary of Local Settlements and Finding of Maladministration

A total of £2,550 was paid in compensation during 2010/11 across 9 of the 12 Local Settlements. In 2009/10, £5,650 was paid over 18 Local Settlements, and in 2008/09, £5,600 was paid in compensation across 21 Local Settlements.

A child was re-instated on the school role after errors were identified in the school's administration of the removal.

In a complex Right to Buy case £500 was paid due to incorrect assessment of eligibility, and delay to progress the application.

Parking Penalty Charge Notice stationary has been updated to improve the wording regarding appeals and payment.

In one cases of ASB action was taken to progress the cases and compensation of £300 offered for delay.

In two other Housing cases, one resident was awarded £100 for time and trouble because of the delay in obtaining a refund of Service Charges, and another £150 for time and trouble as their correspondence was not addressed satisfactorily.

For Estate Parking Appeals, two complainants were refunded the removal fee.

5.3 Response times

5.3.1 The Ombudsman maintains statistics of the time taken for the first response from the initial enquiry, which are published nationally. Tower Hamlets is consistently one of the better performing London Boroughs, responding well under the Ombudsman's 28 day target.

Response Times		
	No of First Enquiries	Average no of days to respond
2007/08	50	16.2
2008/09	50	19.3
2009/10	56	19.6
2010/11	38	19.1

Figure 5.4

5.3.2 The prompt turn-around time is usually reflected in all directorates, although there have been a few more delayed cases this year and performance can improve in some directorates.

5.3.3 The Local Government Ombudsman's Annual Review will follow.

6 RISK ASSESSMENT

6.1 Areas of risk that the Council may face can be summarised as follows:

Project / Issue	Pen Picture	Value £m's	Risks / Comments
Complaints handling	The complaints procedures are explained in sections 2, 3 and 4 of this report. The volume of complaints is also contained in this report.	Difficult to quantify but includes officer time, cost of making good and compensation payments (the latter being the most easily measured). Reputation is also to be considered.	A complaint may lead to an Ombudsman ruling, judicial review or other legal remedy over justified complaints. The Council is also at risk from spurious or malicious complaints if these are not identified and handled appropriately.

Probability	Impact	Recommended Mitigating Action	Risk Owner
Low	Medium	The Complaints process should encourage the earliest possible resolution of complaints. Tracking first Stage complaints through the Siebel database will encourage and support officers to do this. The back up and co-ordinated working of Corporate Complaints, Insurance and Legal Services serve to support decision-making within Directorates on complaint issues. Policies on Complaint Handling, Compensation and Redress, and Dealing with Persistent Complainants are in place.	The relevant Corporate Director

7 IMPROVEMENT INITIATIVES

7.1 **Quality Standards Accreditation**
Having previously achieved British Standards Institute Accreditation for Complaints Handling [CMS 86:2000] in March 2005 and the revised higher ISO 10002 accreditation in 2007, the Complaints Service has held accreditation to the Customer Service Excellence standard since 2009.

7.2 **Staff Training and Development.**

The Complaints Team continues to provide training workshops, advice and information sessions to teams. Direct feedback is also given to assist managers to improve the quality of their investigations and responses.

7.3 **Monitoring Complaints.**

Weekly outstanding lists are circulated to Directors and the Chief Executive. Detailed monthly monitoring is also distributed. Quarterly reports on quality issues and service improvements arising from complaints are discussed at the Corporate Management Team and Directorate Management Teams. Twice each year, information is submitted to the Overview and Scrutiny Committee and the Standards Committee.

7.4 **Publicity.**

The Complaints Team ensures that publicity is widely distributed to ensure effective access across the community. This includes linking with advocacy agencies and support groups to promote access. In addition the team measure knowledge within the local community of how to access the procedures to ensure the effectiveness of publicity.

The complaints procedures for Adults' and Children's Social Care place an increased emphasis on publicity in order to ensure that service users have a voice. The Complaints Team have a role in informing people of their right to complain and in empowering them to use the complaints procedure effectively. To this end the team is engaging with community groups to promote access and have joint publicity with NHS partners for social care.

7.5 **Effective Learning Outcomes from Complaints.**

Effective complaints procedures can help the whole authority improve the delivery of services by highlighting where change is needed.

Lessons learnt from complaints are considered by the Corporate Management Team in quarterly monitoring reports.

The Complaints Team ensures that lessons learned from complaints are highlighted and fed back to improve service delivery. For example complaints investigations have highlighted the need to review policy guidance. Lessons learned from complaints investigations are also fed back to staff in supervision to enable discussion about improvements, any additional training required and learning points.

7.6 **Equalities Monitoring**

Issues and concerns on equalities issues are explored on an individual case basis, in revising policy and in 2010/11 the service conducted further Equalities Impact Assessments and has a detailed plan to improve access.

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Committee Overview and Scrutiny Committee	Date 7th June 2011	Classification Unrestricted	Report No.	Agenda Item No. 10.1
Report of: Service Head, One Tower Hamlets **Originating Officer(s):** Mohammed Ahad Scrutiny Policy Officer		**Title:** Supporting New Communities, Case Study of the Somali Community - Report of the Scrutiny Working Group **Ward(s) affected:** All		

1.   Summary

1.1   This report submits the report and recommendations of the Supporting New Communities, Case Study of the Somali Community Working Group for consideration by the Overview and Scrutiny Committee.

2.   Recommendations

It is recommended that Overview and Scrutiny Committee:

2.1   Agree the draft report and the recommendations contained in it.

2.2   Authorise the Service Head for One Tower Hamlets to amend the draft report before submission to Cabinet, after consultation with the Scrutiny Lead for One Tower Hamlets.

LOCAL GOVERNMENT ACT, 1972 (AS AMENDED) SECTION 100D

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Background paper	Name and telephone number of and address where open to inspection
None	**N/A**

3.   Background

3.1   Tower Hamlets has one of the most diverse communities in the country, its demographics have changed dramatically in the past half century with the Huguenots, Irish, Jews, Bangladeshis and, more recently the Somali community making the borough their home. The purpose of this review was to consider the efficiency savings and look at how the Council and partners meet the needs of new communities that settle in the borough and how it also continues to meet the requirements of the borough's smaller existing communities. The review used the Somali Community as a case study and examined three key areas:

- Identify methods of increasing access to service provisions for new communities
- Increase the voice and representation of new communities, particular in community leadership positions
- Examine how the Partnership can continue to meet the needs of new communities considering a period of efficiency savings

3.2   A key aspect for the review was to engage with residents as much as possible and to hear their concerns. Focus groups were held with older Somali people at luncheon clubs, with young people who attend local youth centres women and also third sector organisations. The Working Group also received evidence from a range of local, regional and national organisations including the Department for Communities and Local Government, the Greater London Authority, Praxis and the Migrants Rights Network. In addition, Members heard from a range of Council Officers.

3.3   This was a particularly challenging review for the Working Group who noted that there are no easy solutions for some of their key findings in particular in the current economic climate. The Working Group therefore have identified some fundamental issues that the Council and Partnership should focus on to help new and minority communities better settle and integrate with the wider community. This area of work will need continuous focus and attention and the Working Group were keen to ensure that this review has helped to raise this issue to the forefront of the Mayor's agenda

3.4   Our recommendations include strengthening our understanding of the needs of new communities. It was suggested that sophisticated data gathering techniques should be developed on the demographics of our communities and to use this when planning services for residents. In terms of access to services and in a period where Councils have less money, it was important to make sure that mainstream services were inclusive and were meeting the needs of all communities, it was however noted that some specialised services were still needed to cater for specific communities.

3.5   Issues of unemployment within new and small communities were highlighted by both Members and residents on a number of occasions and it was felt that the pending Employment Strategy should clearly outline what support would be given to those from new and small communities. Recommendations also

included the Council needing to refresh how it communicates with new communities, particularly those who are hardest to reach. The upcoming Citizen Engagement Strategy should clearly outline how this will be done

3.6   On a final note, community cohesion was an area that many residents had concerns about. There was a need to encourage different communities to engage and work with each other rather then in parallel and isolation to one another. The Working Group recommends that the Council and the Council for Voluntary Services promote consortiums of third sector organisations to bid together for funding.

3.7   The report with recommendations is attached at Appendix A.

3.8   Once agreed, the Working Groups report will be submitted to Cabinet for a response to the recommendations.

4.   Concurrent Report of the Assistant Chief Executive (Legal)

4.1   The Council is required by section 21 of the Local Government Act 2000 to have an Overview and Scrutiny Committee and to have executive arrangements that ensure the committee has specified powers. Consistent with this obligation, Article 6 of the Council's Constitution provides that the Overview and Scrutiny Committee may consider any matter affecting the area or its inhabitants and may make reports and recommendations to the Full Council or the Executive in connection with the discharge of any functions. It is consistent with the Constitution and the statutory framework for the Executive to provide a response.

4.2   The report recommends action by the Council to support new communities in Tower Hamlets. In a general sense this is consistent with the Council's aspiration, expressed in the Community Plan, to achieve One Tower Hamlets, a borough in which everyone has an equal stake and status. It is possible that action consistent with the recommendations may be supportable by reference to the Council's well-being power in section 2 of the Local Government Act 2000. It may also be consistent with the Council's duty under section 149 of the Equality Act 2010, pursuant to which the Council must, in the exercise of its functions, have due regard to the following –

- The need to eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

- The need to advance equality of opportunity between persons who share a protected characteristic and those who don't. The protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

- The need to foster good relations between persons who share a protected characteristic and those who don't. This requires consideration be given to the need to tackle prejudice and promote understanding.

5.   Comments of the Chief Financial Officer

5.1   This report submits the report and recommendations of the Supporting New Communities, Case Study of the Somali Community Working Group for consideration by the Overview and Scrutiny Committee.

5.2   Recent government announcements about funding reductions to the Council in 2010-11 and for the next four years will affect any recommendations agreed and any additional costs that arise from the recommendations must be contained within directorate revenue budgets. Also, officers will be obliged to seek the appropriate financial approval before further financial commitments are made.

6.   One Tower Hamlets consideration

6.1   The recommendations within this report aim to reduce inequalities within the borough by both looking at methods of meeting the needs of new and small communities and also recommending that services consider how they can be more inclusive.

6.2   Specific recommendations focus on community cohesion and the Council's role in encouraging communities to integrate with one another, particular those from the Somali and Bangladeshi Communities as it was felt that these two communities were living in parallel to one another.

6.3   The importance of encouraging greater community leadership from new and small communities were also recommended and the notion that those from these communities should be capacity built to undertake governance positions within the borough.

7.   Risk Management

7.1   There are no direct risk management implications arising from the Working Group's report or recommendations.

Supporting New Communities, Case Study of the Somali Community

London Borough of Tower Hamlets
May 2011

Contents

Acknowledgments

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John Roog	Service Head, Older People
Maura Farrelly	Community Resources Officer, Advice and Anti-Poverty
Mohamed Salah	Somali Youth Development Worker
Nassar Miah	Policy Officer, Strategy and Performance

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Tower Hamlets Somali Organisation Network
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Women's Health and Family Service, Brady Centre
Bilan Said – Diabetes Manager
Fomsia Duale – Somali Older Women Development Worker
Jo Weller - Director

Contributions to focus groups were received from the following organisations and their service users:

Ocean Somali Community Association
Somali Integration Team
Somali Senior Citizens Club, Granby Hall
Somali Luncheon Club, Mayfield House
Women's Health and Family Service, Brady Arts Centre
Praxis

One Tower Hamlets is our aspiration to reduce poverty and inequality, bring local communities closer together and providing strong leadership by involving and empowering people and giving them the tools and support to improve their lives.

We have one of the most diverse boroughs in London; the borough has historically been a settling ground for migrants and new communities. Today, we still see new communities making the borough their home. But how do we as a Council support these new communities? How do we engage with them? And how do we integrate them into mainstream society? These were some of the key questions that led me to undertake a scrutiny review on what more we can do to support new communities in the borough, particularly considering a period where local authorities have less money to spend.

I was keen to use the Somali community as a case study to see what more we could do for new and small communities. The Working Group went out into the community and spoke to women, young people who attend youth centres, older people who attend luncheon clubs and also third sector organisations that work with our Somali residents. We also heard from the Department for Communities and Local Government, the Greater London Authority and the Migrants Rights Network on programmes currently being delivered nationally and regionally to support new communities. Evidence was also received from Council Officers on our current approach to supporting new and small communities. Can I take this opportunity to thank everyone for their valuable contributions in shaping our recommendations.

Our recommendations focused on local concerns which have emerged from the extensive engagement we undertook with different groups. We have highlighted the need to better understand new and small communities and this was linked to having better data to inform policy and service development. Better access to services was also highlighted and in particular how we engage with new and small communities and the role of advocacy work. The voice and representation of new and small communities was also key, particularly how the Council and third sector organisations can facilitate a platform for these communities to speak out and become community leaders and champions. Finally we have made recommendations around community cohesion and the need for our services to work closer together rather then just concentrating on specific communities, this is not to say that specialised services aren't needed in some instances.

I see this piece of work as a start to us better supporting new communities. I have recognised the important impact the public sector finance will have on local service provision and therefore it is now more important then ever to help new communities integrate and access services they require rather then being sidelined. I hope the Mayor and his Cabinet fully consider our recommendations.

Cllr Ahmed Omer
Scrutiny Lead, One Tower Hamlets

The working group recommendations set out the areas requiring consideration and action by the Council and the Tower Hamlets Partnership to support new communities in the borough.

Understanding the Needs of New and Small Communities

R1   That the Chief Executive's Directorate supports the Council and Partnership to better understand the needs of new and small communities by:

- Developing more sophisticated data gathering techniques so we know the demographics of our communities better. This data should then be used to plan policy and service developments.

- Undertake consultation exercises to pick out common needs between new and small communities and use this when planning mainstream services.

- Amend the equalities analysis template and guidance to include how mainstream services will meet the needs of new and small communities in the borough.

Access to Services

R2   That the Employment Strategy and subsequent action plans specifically outline how it will support new and small communities access employment with key public sector organisations

R3   That the Third Sector Team and the Council for Voluntary Services supports advocacy work in the borough aimed at new and small communities. This should include mapping which organisations currently deliver advocacy work and how this can be improved through greater joined up and partnership working.

R4   That the Corporate Communications Team refreshes how it engages and reaches out to new and small communities and explores innovative methods of communication considering a reduction in public finances.

R5   That the Chief Executive's Directorate ensures any new communities welcome packs are updated and refreshed on an annual basis and this is easily available and acts as the first point of call for new communities to access local services.

Voice and Representation

R6   That the Citizen Engagement Strategy clearly outlines how the Partnership will engage with new and small communities in the borough.

R7   That the Third Sector Team, The Partnership and the Tower Hamlets Council for Voluntary Services capacity build community organisations to act as a mechanism to encourage greater voice and representation within small and new communities and develop pathways to which their voice can be heard, such as through area based forums.

Community Cohesion

R8   That the Third Sector Team and the Tower Hamlets Council for Voluntary Services encourage and support third sector organisations to work in partnership and build consortiums when applying for bids in order to increase cross cultural working and promote greater cohesion.

R9   That the Council's procurement and commissioning process encourages greater integration and cohesion between communities by including elements of how prospective organisations will be inclusive of new communities during the tendering process.

Introduction

1. Tower Hamlets has one of the most diverse communities in the country, its demographics have changed dramatically in the past half century with the Huguenots, Irish, Jews, Bangladeshis and, more recently, Somalis making the borough their home. The purpose of this review was to look at how the Council and partners meet the needs of new communities that settle in the borough and how it meets the requirements of the borough's smaller existing communities. The review used the Somali Community as a case study and examined three key areas:

   - Identify methods of increasing access to service provisions for new communities
   - Increase the voice and representation of new communities, particular in community leadership positions
   - Examine how the Partnership can continue to meet the needs of new communities considering a period of efficiency savings

2. The Working Group held the following meetings and visits;

Review meeting 1

   - Members agreed the scoping document for the review and heard evidence from the Department for Communities and Local Government, Greater London Authority and the Migrant Rights Network on the national and regional context of new communities and what support was currently available to them.

Review meeting 2

   - The Working group heard evidence on the Council's current approach to meeting the needs of new communities and considered current statistics relating to new communities in the borough.
   - Evidence was received from the Equalities Team, Strategy and Performance and Third Sector and External Funding teams.

Review meeting 3

   - A round table discussion was held with various service providers based in the borough to identify what services where currently being delivered to meet the needs of the Somali community and new communities in the borough.
   - Evidence was received from those working in education, employment, youth services, policing, housing and supporting elder people.

Review meeting 4 – Focus Group 1

- The first focus group took place with young people from the Somali community to hear their concerns. A total of 17 young people attended this session which also included representation from the Council's youth service.

Review meeting 5 – Focus Group 2

- A focus group took place at the Grandby Day Care Centre's Luncheon Club with 8 service users from the older Somali Community participating.

Review meeting 6 – Focus Group 3

- A focus group with 5 service users took place at the Council run Mayfield House day care centre. Evidence was also given by the Adult, Health and Wellbeing Directorate at this session.

Review meeting 7 – Focus Group 4

- Members heard from a group of 9 elder women from the Somali community at the Brady Centre's Women's Health and Family Support Project.

Review meeting 8 – Focus Group 5

- The final focus group meeting took place with third sector organisations that are involved in delivering services for the Somali community in the borough in order to identify possible gaps in services as well as how services can work closer together considering a period of efficiency savings.

Review meeting 9 – Focus Group 6

- Members visited Praxis to find out about the work carried out by the organisation to support new communities as well as some of the challenges that are currently being faced locally in these areas.

Review meeting 10

At this final session Members discussed and agreed draft recommendations for the review.

3. The final report of this review will be presented to the Overview and Scrutiny Committee. The Mayor and his Cabinet will then prepare an action plan outlining their response to the recommendations which will be monitored by the Overview and Scrutiny Committee on a six monthly basis.

Background

National context

4. Migration to the United Kingdom and the emergence of new communities in the country is common. Recent figures from the Office for National Statistics show that net migration to the UK rose by 36% in 2010 to 226,000 with 572,000 entering the UK and 346,000 emigrating[1].

5. The statistics can further be explored in that[2]:

   - Of those granted settlement in the UK in 2009, 68% were dependants of those already living in the country
   - Migrants from the Indian sub-continent made up to largest proportion of settlement grants, 34%. Of the remainder 25% were from Africa and 21% from elsewhere in Asia
   - The number of Polish migrants coming to the UK in 2009 fell 22% to 118,675, from 151,870 in 2008
   - But the number from Latvia and Lithuania increased considerably - the former from 6,005 to 16,020, and the latter from 10,550 to 15,815
   - Nearly a quarter of all births, 24.6%, in 2009 were to mothers born outside the UK
   - In the London borough of Newham, which has the highest number of births to foreign-born mothers in the country, the figure was 75.7%

6. The Working Group heard from Don Flynn, Director at the Migrants Rights Network (MRN) who suggested that the top 10 nationalities registering for National Insurance numbers in 2009/10 were from India, Poland, Lithuania, Latvia, Pakistan, Bangladesh, Romania, France, Nigeria and Nepal. Furthermore, 66.9% of non-UK citizens were employed compared to 70.1% of UK citizens. Reasons for this included the fact that there is a younger age profile of new migrants and a high number are economic migrants.

7. Jane Everton from the Department for Communities and Local Government presented on the Coalition government's policy on supporting new communities and neighbourhood working in general through its Big Society Agenda. The notion that greater power be given to local authorities was a key aspect. Local people knew their community best and hence service delivery should be determined at a local level by how local authorities feel best rather than have central government dictate to them where they should spend.

8. Although there would be a reduction in funding, it was highlighted that there would be more freedom on how this money was spent rather then local authorities having to worry about feeding back to central government and responding to a number of National Indicators and targets. The decentralisation of power coupled with greater flexibility in spending also meant fewer ring fenced funds; an example here included the Migration Impact Grant, which has now been mainstreamed. Members heard that a bottom up approach would be used

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[1] http://www.statistics.gov.uk/pdfdir/mig0211.pdf
[2] http://www.bbc.co.uk/news/uk-11094468

to identify and solve local priorities and issues. However if issues could not be solved at a local neighbourhood level then central government could be engaged with in order to overcome local problems when and where needed.

9. The Greater London Authority currently has a programme of support to help integrate new communities into mainstream society. According to the most recent estimates, 32% of London's residents and nearly 36% of its workforce were born outside the UK. At the last census in 2001, 27% of Londoners were born abroad. The skills of migrants make a massive contribution to London's economy; the average migrant has more qualifications than those born in the city. Migrants play a big role London's workforce; in 2007 68% of care assistants and 48% of social workers were born outside the UK. The NHS is highly reliant on doctors and nurses from overseas. London's catering industry, essential to its role as a tourist destination, also relies heavily on migrant labour. Workers from abroad in many sectors help drive the growth that makes London the powerhouse of Britain's economy.

10. The Mayor's refugee integration strategy is at the core of this and includes the London Strategic Migration partnership and the Migrant and Refugee Advisory Panel. The strategy has seven core themes which includes English, housing, employment and skills, health, children and young people, community safety and community development. The strategy is currently in its second year; however its first year actions included the following which are relevant to this review:

- Access to services for new communities:

    - ensure housing information is available to refugees
    - support establishment of mental health practitioners forum for better access to mental health

- Integrating young people from new communities into mainstream services:

    - Ensure that 14-19 service meet the needs of refugee children and young people
    - Support engagement by refugee children and young people through peer outreach

- Increasing the voice and representation of new communities:

    - Promote access to volunteering and mentoring opportunities for refugees

11. The Working Group at the outset identified the Somali Community as a case study for this review. Somalis have migrated to the UK since the late nineteenth century. The first Somalis came to live in England in the 1880s as seamen in the British Merchant Navy, usually settling in major ports around the UK. Recent research indicates that the Somali community are one of the largest refugee

communities in London. According to Harris (2004)[3], there have been Somali arrival patterns in the UK in different phases and stages.

12. The initial stages of settlement began in the nineteenth century, during the colonial association with the northern part of Somalia (formerly Somaliland). By the turn of the twentieth century there were sizeable presence of the Somali community in the dockland areas of London, Cardiff, and Liverpool, with smaller settlements in Newport, Southampton, Bristol, Hull, and South Shields. The second stage of the early settlement began at the end of the 1950s. The demand for seamen reduced, but economic growth in Britain meant that there were opportunities for employment in the steel and coal industries. Somali communities began to re-settle and move to areas such as Sheffield, Manchester and Bristol. It was during this time that the present Somali community was established in Tower hamlets.

13. Although this review will look particularly at the Somali community as a case study, the context of the many waves of migration amongst this group is similar to that of asylum seekers and migrants from other communities. For example the outbreak of civil war in 1971 coupled with economic opportunities for migrants had also led the Bangladeshi community to the UK.

Local context

14. Tower Hamlets has a unique demographic profile even in comparison to other diverse boroughs across Britain. In 2001 just over half the population was White British, a third was Bangladeshi and the rest of the population was made up of a large number of much smaller but significant ethnic minority communities including African, Caribbean, Somali, Indian and Chinese communities. New migrants continue to move into the borough with some of the highest numbers coming from Bangladesh, Poland, Australia, Lithuania, India, France and Italy[4].

15. Since 2001 the population of Tower Hamlets has grown significantly from 202,000 to around 239,000, four times higher than the rate of increase across London as a whole. Over the next 10 to 15 years the borough is expected to see the largest and fastest growth in population in London; by 2012 the population is expected to rise by 9% and by 2026 by a further 27%. This huge growth in population is not however expected to change dramatically the relative proportions of the White British and Bangladeshi communities living in Tower Hamlets will continue to account for approximately a half and a third of the population.

16. Although smaller minority communities will continue to account for a much smaller proportion of the population than White British and Bangladeshi groups, in absolute terms the increase in the numbers of people from smaller BME groups living in the borough will be significant. Over the next few years a 9% rise in the White British population, a 6% rise in the Bangladeshi population and an 11% percent rise in all other smaller minority groups. Of the smaller communities

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[3] The Somali Community in the UK: What we know and how we know it, Harris, H. (2004)
[4] New Communities in Tower Hamlets: Characteristics, Trends and Challenges, Praxis, 2007

the biggest change expected is in the Chinese population (18%) and the smallest change amongst the Black Caribbean population (0%)[5]

17. The term 'new migrant' refers to people who migrated to Britain within the last five years. Research on new migrants in Tower Hamlets shows that there is a growing trend of people emigrating to the borough from Bangladesh and Somalia. However the rate of people arriving from Eastern Europe is higher and increasing, particularly from Lithuania and Poland. A less steep increase is evident in people from Latin America particularly Columbia and Brazil. In addition there are other new communities from a wide range of different countries, but frequently in small numbers, which suggests a tendency towards hyper diversity in the population.

18. The trend of newcomers from refugee and asylum seeking communities continues, but it is not as steep as that of those entering from the "Accession 8" (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) countries which joined the European Union in 2008. Findings also confirm that new communities tend to be young (under 40) and that there are more women than men.

19. There are three main reasons why people come to live in Tower Hamlets:

    - Social networks including friends or family already living in the area
    - Employment opportunities
    - Availability of comparatively affordable accommodation

20. Contrary to assumptions many new communities, including those from Eastern Europe, intend to stay in the borough for a long time. This development suggests that people from these communities will be increasingly represented in take up of services including housing, healthcare and schools. With the exception of those from Latin America, new communities tend to be relatively less well qualified than other groups living in Tower Hamlets; 15% have no qualifications and 55% have only graduated from secondary school. There are some differences between people of different regional origin. For example, 22% of Eastern Europeans have some sort of diploma and 20% of Latin Americans have a first degree. Many newly arrived communities experience extremely high levels of unemployment. Local research confirms that levels of unemployment among new communities varies significantly, with rates varying from 79% of people from Africa, 58% from Asia and 36% from European Union Accession states.

21. Although some research has been carried out on the Somali community nationally there is not a substantial amount of literature on the Somali community. Some of the research and report findings are as follows;

22. The London Metropolitan University carried out a 'Needs Assessment of Somali Young People Living in Tower Hamlets'[6] (2001). The assessment identified:

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[5] London Borough of Tower Hamlets, Race Equality Scheme, 2009 - 2012
[6] http://www.londonmet.ac.uk/depts/dass/research/cser/papers_reports/

- High levels of unemployment and patterns of long-term unemployment across the Somali population;
- High levels of dependence on state welfare and support;
- An over-representation of Somalis in manual forms of work and an under-representation in managerial employment; and
- A very limited presence and impact on the local economy as the Somali population lacks any extensive economic footprint in terms of business owned and the size of business establishment owned.

23. In another research carried out by the London Metropolitan University about the Somali Children's Educational Progress and Life Experiences in the UK[7] found that:

- London hosts the largest Somali community, with Camden/Islington/Haringey, Ealing/Brent and Tower Hamlets/Newham/Redbridge being the largest areas of settlement.
- Outside London the largest communities are in Liverpool, Manchester, Sheffield, Cardiff and Leicester. Many cities have smaller Somali communities.

24. The social welfare issues emerged among research is mostly, unemployment and extreme poverty;

- Male unemployment is probably in excess of 70%.
- Overcrowded housing is also an issue highlighted in many studies. Clearly there are implications for school aged children as it is difficult to study in a severely overcrowded house.

25. The Tower Hamlets Partnership commissioned a report on the Somali Community in July 2009[8] with the main research findings revealing a community of increasing numbers while exact numbers were difficult to confirm but some difficulties in terms of accessing some services. The report highlighted that:

- **Language barrier** is a major issue for access to Council services
- **Cultural barrier** there are certain beliefs and perceptions that also contribute to preventing some Somalis from tapping into services. This inadvertently creates a lack of integration and community cohesion. In addition it is believed that some Somalis often make negative comparisons between services here and those they experienced in Somalia.
- **Communication:** there is a concern echoed by the Somali residents that there is an increasing gap between the service provider's consultation groups and the Somali community; the community's lack of involvement in Council-led initiatives is evident.

Tower Hamlets Community Plan

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[7] http://www.londonmet.ac.uk/library/y24534_3.pdf
[8] Tower Hamlets Somali Community Research, Isman Warsama, July 2009

26. The importance of new communities in the borough is highlighted in the Tower Hamlets Community Plan[9] which states:

'*Tower Hamlets is one of the most ethnically diverse areas in the country. About half of the total population are from black and minority ethnic communities, and around 110 different languages are spoken by our school pupils. There are many new communities moving into the borough which will contribute to a changing community profile over the next ten years. Our population is expected to reach nearly 300,000 by 2020.*'

'*Delivering improvements for all our residents means a focus on easily available and high quality support services for key groups - such as older people, 'looked-after' children, youngsters leaving care, disabled people, offenders, victims of domestic violence, those with drugs and alcohol issues, homeless people and new communities. Research also shows us that it is not enough simply to provide a strong set of services to tackle deep disadvantage affecting all age groups. The most disadvantaged often fall through the net. What enables people to access and stay engaged with services are qualities such as resilience, confidence, and the ability to develop strong relationships.*'

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[9] http://www.onetowerhamlets.net/your_community_plan.aspx

27. A number of research methods were used to gather evidence for this review. Members heard evidence from experts in the field on migration and the impact of new communities both nationally and regionally through meetings with the Department for Communities and Local Government, the Greater London Authority and the Migrants Rights Network. The Working Group was also keen to go out into the community and speak to residents. As the Somali community were used as a case study on how the Council can increase support for new communities the Working Group undertook a number of focus groups with various residents within the Somali community including young people, the elderly, women and third sector organisations that work with this community.

28. The information gathered from the meetings and focus groups together with secondary research taken from best practice of other local authorities in how they meet the needs of new communities were used to formulate the key findings for this review and the subsequent recommendations.

Understanding the Needs of New and Small Communities

29. At the various focus groups it was clear that residents within the Somali community felt that the needs of new and small communities were not entirely being met. Residents highlighted that a number of researches had been undertaken on small communities but very little action was delivered. At the evidence gathering session with Council Officers it was noted that a key reason for the lack of understanding on the needs of new and small communities was due to the availability of good data.

30. Members heard about data gathering techniques to identify the numbers from new and smaller communities as well as the Somali community in general. At present the diversity indicators that are primarily used include Country of birth and Ethnic group. However Faith, Language, Nationality and National identity have also been used recently to identify a resident's background.

31. The Migrants Rights Network (MRN) stated that in terms of support available to new communities there was a poor evidence base at a Central Government level, however local government knew their communities better. This was attributed also to poor data and the over reliance on the ten-yearly census figures which were not sensitive to shorter-term population movements. It was also noted that there was a high concentration of worklessness amongst migrants due to restrictions to social housing, child benefits and other public funded benefits. MRN highlighted a number of challenges facing local and national government. There was now a process of transition from migrants to long term ethnic minority communities in the UK. This also occurred in the 1970s and 1980s and is happening again now, however with a more diverse range of communities who have their own personal needs which have to be met.

32. The 2001 Census counted at least 130 different migrant populations in the borough (i.e. populations of ten or more people born in one country). One half of the population in the borough was from a BME group with Tower Hamlets having

a high proportion of BME residents compared to the London average (50 vs. 35 per cent). One third of residents were Bangladeshi which is by far the largest Bangladeshi population both in London and England.

33. A key issue for the borough was not knowing the number of residents from the Somali community. A reason for this was due to the fact that the Somali community still come under the banner of 'African'. Although the ethnic group question in the Census has increased from 9 categories in 1991 to 16 categories in 2001 and now 18 categories for 2011, Somali's still come under the African ethnicity strand. It was noted that the Office for National Statistics decides on which new ethnicity categories to add on the Census. ONS took into consideration areas such as user views, consultation on ethnicity questions which attracted 600 replies and how comparable the strands are to previous Census.

34. There was a big demand for new categories with the strong argument that the Black African group needed more detailed information as it included those such as Somalis, Nigerians and the Sudanese. Having scored the different new ethnicities it was however decided that 'Gypsy or Irish Traveller' and 'Arab' would be added as new ethnicities to the Census. However the 2011 census does have a number of new questions such as Main language, Proficiency in spoken English, National identity, Year of arrival and Passports held in order to identify a persons' background.

35. The complexity of trying to find out how many Somalis lived in the borough was highlighted with various organisations having their own estimates as detailed below:

Summary of numbers and inferred percentages of Somalis living in Tower Hamlets		
DATA SOURCE	NUMBERS	AS % OF TH POPULATION
2001 Census – Born in Somalia	1,353	0.7%
Experian origins 2008 (based on names on GP register)	2,081	0.9%
Hospital admissions data (2008)	4,114	1.7%
Local Authority housing data (2008)	5,808	2.4%
Schools data (2008)	5,324	2.2%
Academic research & voluntary sector estimates – various (2004)	8 – 12,000	3.3% - 5.0%
*Source: Somali Population in Tower Hamlets: A Demographic Analysis, Tower Hamlets PCT (December 2008). Report concludes that likely figure is somewhere between **2-3 per cent of population (~5,000 residents).***		

36. As it was difficult to understand the needs of the communities when service planning due to a lack of up to date and correct data the Working Group felt that more sophisticated data gathering techniques were needed when developing policies and planning services.

37. In a period where public sector funds have been reduced, Members also felt that such data, along with more consultation with new and small communities, could be used to identify common needs between communities which could then be used when planning mainstream services. This was seen as a key part of this review in that mainstream services needed to be more inclusive.

38. The Working Group suggested that it would be useful to replicate how the Bangladeshi community empowered and built itself and transfer this to other smaller communities. There was a need to look at the commonality between different communities and mainstream those areas as the foundation was already in place. In addition to this it was also highlighted that there was too many instances of organisations working with their own communities and not enough cross community working and there was a real need for this. This point was very much linked to the mainstream Vs Specialist debate. The Department for Health[10] suggests two main approaches to commissioning or developing services which meet the needs of minority groups:

    - A service which is specifically and exclusively designed for a particular group. This may be a standalone service, or one which forms part of a mainstream service.
    - Mainstream services which are able to be flexible and skilled enough to meet the needs of all older people.

39. In looking at BME services the debate is about whether, and when, a "culturally specific" service should be developed, or whether it is sufficient that mainstream services should be "culturally competent".

40. Southampton City Council[11] developed a new communities strategy following recognition that there had been a significant increase in migrant workers to the city which had an impact on service delivery. The key objectives of the strategy were to understand the needs of the community and allow this to influence service delivery:

    - Co-ordinating thematic working groups for health, education, employment, housing, children's services, media, and community safety.
    - Providing outreach support to specific communities (i.e. EU Accession States, Kurdish, and Somali communities).
    - Mapping new communities living in the city.
    - Providing basic information on employment rights, health, children's education and accommodation.
    - Mainstreaming provision of services to new communities.

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[10] http://www.dhcarenetworks.org.uk/_library/Resources/Housing/Support_materials/Reports/Minority_Groups_in_ECH.pdf
[11] http://www.coventry.ac.uk/researchnet/d/331/a/1658

41. The institute for Community Cohesion at Coventry University highlighted the strategy as good practice with its key success including:

- Increasing understanding and goodwill between new and existing communities living in the inner city, resulting in reduced community tensions
- Creation of community groups to address issues of concern specific to particular new communities.
- Greater awareness and confidence in exercising basic rights, particularly employment rights.
- Greater community engagement by new communities, particularly in sports.
- Researching and mapping the profile of new communities.
- Distribution of Myth busting material and CD Rom on new communities.

42. It was felt that a number of these successes could be utilised in the borough to aid services to be more inclusive and also encourage residents from new and small communities to access mainstream services.

R1   That the Chief Executive's Directorate supports the Council and Partnership to better understand the needs of new and small communities by:

- Developing more sophisticated data gathering techniques so we know the demographics of our communities better. This data should then be used to plan policy and service developments.

- Undertake consultation exercises to pick out common needs between new and small communities and use this when planning mainstream services.

- Amend the equalities analysis template and guidance to include how mainstream services will meet the needs of new and small communities in the borough.

<u>Access to Services</u>

43. At a number of focus group sessions residents highlighted that access to services was a key barrier faced by the Somali community. The Working Group heard from the elderly and women from the Somali community who felt that the Bangladeshis could access services easier then them due to the amount of front line staff who were from the Bangladeshi community. Language barrier was seen as being crucial here in accessing services.

44. In addition to this the Working Group heard, particularly during the focus group with young people and third sector organisations, of the lack of Somali's in the public sector and in particular within the Council and NHS. It was also noted that

the borough did not have any Somali Police Officers. Concerns were raised by residents who felt that the public sector had targets of attracting residents from the BME community into employment but these targets were being met by getting mostly those from the Bangladeshi community into employment.

45. A number of researches have been undertaken on the Somali community which has highlighted the issues of unemployment and worklessness. This review has again highlighted this as well as the frustration from those who participated in the focus group who aired concerns that very little was being done about it. A study by Sheffield Hallam University[12] stated that there are no readily available figures on employment or unemployment among the Somali population, but anecdotal evidence suggests very high levels (over 70%) of unemployment. Some of the major barriers to employment included the expectation and experience of discrimination, language barriers, lack of recognition for academic and professional qualifications gained in Somalia; and the decline of industries in which Somali people traditionally worked.

46. A number of projects nationally can be identified which specialise in engaging with new and small communities in order to help residents acquire the relevant knowledge and skills for the labour market, one of which includes the Coventry Ethnic Minority Action Partnership.

Coventry Ethnic Minority Action Partnership (CEMAP) - Working to employment Workshops[13]

CEMAP exists to promote harmony, leading to prosperity, within and between all communities in Coventry. Specifically CEMAP aims to work with people, organisations and agencies to improve the delivery of services to Ethnic Minority Communities in Coventry.

CEMAP brings together people, organisations and groups from within the Voluntary and Community Sector and the Statutory Sector with a specific focus on Ethnic Minority issues. The network celebrates the coming together of people from diverse ethnic Minority communities, including the New Communities, different Faith Groups, voluntary organisations and colleagues from the Statutory Sector to improve the quality of life for all Coventry residents

The Working to employment Workshops are part of CEMEPs employment programme aimed at unemployed people from BME and new communities in Coventry. They provide a wide selection of workshops that help residents overcome barriers to work and provide skills to increase chances of successful employment.

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47. With the Working Neighbourhood Fund coming to an end and reduction in public sector finances, Members felt this could have a detrimental effect on those from new and small communities. It was felt that support for these communities needed to be preserved and that the pending employment strategy should clearly

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[12] http://www.somalicommunity.org.uk/files/SOMALi_Housing.pdf
[13] http://www.vacoventry.org.uk/working-towards-employment-training-programme

outline how the needs of residents from new and small communities would be met in the labour market.

R2	That the Employment Strategy and subsequent action plans specifically outline how it will support new and small communities access employment with key public sector organisations

48. During the focus group session with residents it was brought to the attention of the Working Group during the focus group sessions with residents and in particular that of advocacy and support. At the session with Third Sector organisations it was clear that those around the table were not sure who else was delivering advocacy work aimed specifically at the Somali community as well as how many Somali advocacy workers existed in the borough. This suggested a lack of co-ordinated or joined up working between third sector organisations.

49. The importance of advocacy support and in particular bespoke advocacy support to new communities is well documented. The Advocacy Resource Exchange[14] states that:

'There is a significant need for BME advocacy to be developed as it is well documented that Communities described in the term "BME" can often experience widespread racial harassment and racist crime, and are over represented on almost all levels of social exclusion. Additionally it is well evidenced that people from minority ethnic groups experience poorer health than their white counterparts.'

50. Although the Working Group felt that advocacy in the borough was being delivered to new and small communities in both empowering the guiding them it was felt that peer advocacy support and an increased role for faith organisations in delivering advocacy support would be beneficial. The borough has many organisations such as MIND, Praxis and numerous smaller organisations all delivering advocacy support but the key however was to identify which organisations were currently delivering advocacy work and manage this by making sure those organisations were aware of each other and the services they deliver.

51. On a London wide level MRN highlighted access to specific services as an issue as this was withheld until the individual had been granted specific status (such as indefinite leave) even though the person might be paying full tax and National Insurance contributions. This increases pressures on low income families and prolongs the period in which they might be living in poverty. MRN stated that there was a need for programmes to address the housing needs of migrants. On a final note a specific problem which faced London was that there were in the region of 500,000 long term undocumented migrants living in the Capital. There was little prospect of significantly reducing this figure through enforcement action

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[14] www.advocacyresource.org.uk/gen2-file.php?id=28

in the foreseeable future. MRN suggested that consideration should be given to supporting the London Mayors advocacy of regularisation programmes.

R3	That the Third Sector Team and the Council for Voluntary Services supports advocacy work in the borough aimed at new and small communities. This should include mapping which organisations currently deliver advocacy work and how this can be improved through greater joined up and partnership working.

52. How the Council engages with new communities was another area which was widely discussed by the Working Group. Members felt that the East End Life was a good tool but one dedicated Somali page wasn't enough. However it was noted that it was not possible for the paper to be expanded to include all languages and the notion that questions remain on the future of the paper considering national guidelines on the production of Council newspapers.

53. Members felt that better communication was needed in order to engage with new and small communities that were hard to reach. Members questioned how the Council were engaging with those such as the Chinese community and the increasing Brazilian community in the borough.

54. West Yorkshire Police undertook research funded through the Migration Impact Fund to look at how they could engage with hard to reach migrants. The research identified that most bilingual people, particularly those with links abroad, use the internet (email, skype, facebook etc) as their main form of communication with friends and family as it is inexpensive and easily accessible through home computers, cafes, mobile phones and libraries. The use of new technology was therefore seen as key to engage with small and new communities in the borough as well as publicising at internet cafes which are excessively used by new migrants in the borough.

R4	That the Corporate Communications Team refreshes how it engages and reaches out to new and small communities and explores innovative methods of communication considering a reduction in public finances.

55. Welcome packs typically give introductory information about the local area, and more general information about living in the UK. Some packs are designed for all new arrivals to an area, others are especially relevant to particular groups, for instance refugees, asylum seekers or migrant workers Members heard at the session on the Council's current approach to supporting new communities that a new communities pack were devised a few years ago as part of a pilot scheme by both the Council in partnership with Praxis which still exists both online and in hard copy. It was however felt that this needed to be updated and readily available through other local organisations and the Council's website.

56. Welcome packs for new communities are very common in most local authorities. Lincolnshire County Council[15] created a welcome pack for residents from new communities as a response to identified needs in the community. The pack focuses on giving basic information and signposting to further information to enable people to live, learn, work and play safely in Lincolnshire. A steering group with representatives from across the service areas had been involved in the development of the pack including; the Ethnic Minority Achievement Service, Fire & Rescue, Culture & Adult Education, Chief Executives and Adults Social Care teams. Initially the packs were in English, Polish, Portuguese, Latvian and Lithuanian and were made available in Libraries, receptions, schools and other public facing outlets.

57. In addition to this a number local authorities including Bedfordshire, Luton, Suffolk and Watford have used the migration Impact Fund[16] as a means to devise welcome packs for residents from new communities and migrants.

R5	That the Chief Executive's Directorate ensures any new communities welcome packs are updated and refreshed on an annual basis and this is easily available and acts as the first point of call for new communities to access local services.

Voice and Representation

58. The Council is currently refreshing how it engages with citizens in the borough. A scrutiny review was undertaken at the beginning of the current municipal year to feed into the citizen engagement strategy with recommendations around the need to engage hard to reach communities and the use of innovative methods of engagement considering a cut in public sector finances.

59. Members felt that the citizen engagement strategy provided an opportunity to consider the role of new communities and how we engage and involve them into society. This was seen as key to integration rather then communities living together but in parallel lives.

60. The Working Group suggested that Local Area Partnership (LAP) steering groups needed to be better co-ordinated in order to take into consideration the many different communities in the borough. It was suggested that if communities haven't accessed the LAP steering groups or governance arrangements such as this then they were probably not settled communities. It was highlighted that every community has to have a champion, although at different levels. An example here was the Bengali community which has champions in the higher end in terms of Councillors in decision making positions. The importance of community leadership positions for those from new and small communities was also noted in order to make sure those communities were settled. In particular it was highlighted that greater work needs to be done in order to attract residents

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[15] http://www.lincolnshire.gov.uk/residents/community-and-living/equality-and-diversity/migrant-workers-and-new-arrivals-welcome-pack/
[16] http://www.dacorumcvs.org.uk/downloads/MIF%20report%202010.pdf

from these communities into School Governor positions and on the board of local housing associations.

61. The importance of community development and increasing the voice and representation of new communities is well noted. A recent study by Oxford University[17], on behalf of the Greater London Authority, suggested the importance of the role of migrant community organisations, which need support, as well as the key role of local authority community development – but also the need to harness the potential contribution of a wider range of stakeholders, including trade unions and employers. These stakeholders have the capacity to promote the voice of migrants, to reach the 'hardest to reach' migrants, to provide support and leadership in this field, and to create spaces where migrants and others can interact and build a shared future for all Londoners.

62. Further research by the Joseph Rowntree Foundation[18] shows that new communities want their views to be heard, and they want to participate. For many new arrivals, 'being heard' means being recognised, having a safe space to meet, providing mutual support and gaining the knowledge, confidence and skills to engage more widely. New communities experience a number of common barriers, such as lack of information, difficulties in the use of English, lack of time, or barriers to recognition, making it more difficult for them to get involved or be heard. These barriers are exacerbated by the growing fluidity and fragmentation of governance structures. This complexity poses problems enough for established communities who are already used to navigating their way around. For new arrivals the shifting landscape of service provision and governance is even more bewildering, making community engagement correspondingly more problematic.

63. Much of the emphasis on community engagement is directed at the neighbourhood level but research suggests that area based forums are not the most appropriate level for some new communities who are geographically dispersed, and because many of their concerns – e.g. jobs, refugee/asylum status and language skills are managed outside the neighbourhood. New residents are less likely to be represented in democratic processes and are also less likely to approach their local councillor for support.

| R6 | That the Citizen Engagement Strategy clearly outlines how the Partnership will engage with new and small communities in the borough. |
| R7 | That the Third Sector Team, The Partnership and the Tower Hamlets Council for Voluntary Services capacity build community organisations to act as a mechanism to encourage greater voice and representation within small and new communities and develop pathways to which their voice can be heard, such as through area based forums. |

[17] http://www.london.gov.uk/sites/default/files/An%20evidence%20base%20on%20migration%20and%20integration%20in%20London.pdf
[18] Community Engagement and Community Cohesion, Joseph Rowntree Foundation, June 2008

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Community Cohesion

64. During the focus group sessions it was noted that there was widespread concerns in terms of community cohesion amongst different communities in the borough. At the session with young people and women it was highlighted that gang conflicts between Somali and Bangladeshi young people both in and out of School was common and an increasing problem. This was echoed at the session with third sector organisations. Members felt that with the Council continuing to fund organisations to work primarily with their own communities, this was supporting segregation and was a barrier to integration. It was felt that, particularly with the current reduction in public services which may effect smaller third sector organisations, consortiums of organisations should be built with different demographics in order to promote better cohesion. There were concerns from small organisations that this may lead to them ceasing to exist, however it was noted that all organisations should still have a right to exist in any consortium.

Focus group sessions with residents from the Somali Community

65. Members agreed that there was a greater need for inter community working and a greater sharing of resources between different communities. In addition to this there was also a need to educate Youth Workers to integrate different communities both inside and outside of community centres. The Working Group stating that there was cross organisational working but not enough cross cultural working which was the key issue that needed to be resolved.

66. Community cohesion has been an important policy of both the current and previous governments. In 2006, the Government commissioned a review of community cohesion, led by the Commission of Integration and Cohesion (ICoCo)[19] under the leadership of Ealing Borough Council's then Chief Executive, Darra Singh. The Commission explored examples of good practise and looked at what additional support was needed to help local communities flourish and thrive.

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[19] http://www.tameside.gov.uk/communitycohesion

67. As of 2006, every local authority in the UK has had a statutory responsibility to explore local issues surrounding community cohesion and put together a tangible local delivery plan for delivering and effectively monitoring projects that bring local people together. Local authorities are asked to lead a 'whole council approach' to community cohesion; ensuring that all of the council's principal services are engaged with the agenda and are delivering cohesion through their everyday activities.

68. The Working Group noted that although some great work had taken place in the borough to promote cohesion, a lot still needed to be delivered in tackling issues between minority and smaller communities as the focus groups suggested. The Cantle Review[20] which highlighted the findings into the 2001 riots between White and Asian communities in Oldham, Burnley and Bradford concluded that residential and institutional segregation had contributed to tensions between local communities. The report identified the danger of divided communities living parallel lives, a term that has been synonymous with cohesion discourse ever since. Members related this to Tower Hamlets where concerns exist that different communities are living together but with very little integration and once again, the local authority was promoting this by funding organisations to work within their own communities.

R8   That the Third Sector Team and the Tower Hamlets Council for Voluntary Services encourage and support third sector organisations to work in partnership and build consortiums when applying for bids in order to increase cross cultural working and promote greater cohesion.

R9   That the Council's procurement and commissioning process encourages greater integration and cohesion between communities by including elements of how prospective organisations will be inclusive of new communities during the tendering process.

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[20] http://www.oldham.gov.uk/cantle-review-final-report.pdf

Conclusion

69. Tower Hamlets has one of the most diverse communities in the country and has historically been a settling ground for new communities and even today we still see new communities coming to Tower Hamlets and making the borough their home. Using the Somali community as a case study this review looked at how the Council and partners meet the needs of new communities that settle in the borough and how it meets the requirements of the borough's smaller existing communities.

70. Evidence was received from a variety of local, regional and national organisations on some of the work being delivered to support new communities. This included Council Officers, Praxis, the Greater London Authority and the Department for Communities and Local Government. From the outset the Working Group made it clear that a key part of this review was to engage with local residents and hear their opinions and concerns. To this end a total of 6 focus groups were organised with those including the elderly, women, young people and third sector organisations.

71. Recommendations centres on three key areas. It was felt that the Council needed to understand the needs of new and small communities more. A reason for this was due to the lack of up to date data on new communities which could be used to plan services. It was therefore suggested that sophisticated data gathering techniques on the demographics of our communities should be devised to act as a basis for service and policy development.

72. Access to services was also highlighted as an important area and in a period where Councils have less money to spend we need to make sure that our mainstream services are inclusive as much as possible and meet the needs of all communities but it was also acknowledged that some services still need to cater for specific communities. Members also felt that the Council needed to refresh how it communicates with new communities; particularly those who are hardest to reach with the upcoming Citizen Engagement Strategy clearly state how we will do this.

73. On a final note during the focus groups sessions, community cohesion was an area that many residents had concerns about. The Working Group felt that the Council needed to d more to encourage different communities to engage and work with each other rather then in parallel and isolation to one another. The Working Group therefore recommends that the Council encourages consortiums of third sector organisations with different demographics to bid together for funding.

Scrutiny and Equalities in Tower Hamlets

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Committee Overview and Scrutiny Committee	Date 7th June 2011	Classification Unrestricted	Report No.	Agenda Item No. 10.2

Report of: Service Head, One Tower Hamlets **Originating Officer(s):** Keiko Okawa Scrutiny Policy Officer	Title: Report of the Scrutiny Working Group – Empowering Small and Medium-sized Enterprises **Ward(s) affected:** All

1. Summary

1.1 This report submits the report and recommendations of the Empowering Small and Medium-sized Enterprises Working Group for consideration by the Overview and Scrutiny Committee.

2. Recommendations

It is recommended that Overview and Scrutiny Committee:

2.1 Agree the draft report and the recommendations contained in it.

2.2 Authorise the Service Head for One Tower Hamlets to amend the draft report before submission to Cabinet, after consultation with the Scrutiny Lead for Prosperous Community.

LOCAL GOVERNMENT ACT, 1972 (AS AMENDED) SECTION 100D

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Background paper	Name and telephone number of and address where open to inspection
None	**N/A**

3. Background

3.1 Small and Medium-sized Enterprises (SMEs, businesses with 0 to 249 employees) are vital to the economy, in particular, for jobs and economic growth. A dynamic and growing SME sector is likely to contribute significantly to future growth and productivity. In Tower Hamlets, 99% of businesses are SMEs and at least 32% of the workforce works for SMEs.

3.2 However, due to the recent Comprehensive Spending Review, the environment for SMEs is set to become tougher. It is expected that many local government services and facilities to help small businesses and the self-employed will no longer exist or significantly decrease. The challenge the Council faces is to continue to help create jobs in the borough and to maintain a vibrant economy.

3.3 This scrutiny review aimed to examine what support local SMEs receive and make recommendations to help them flourish further in the borough. The objectives included:

- Consider the barriers to SMEs flourishing in the borough and to find solutions;
- Examine the role of the Council and its partners in supporting SMEs;
- Consider how empowering SMEs can help deliver One Tower Hamlets.

3.4 The working group collected evidence and stakeholders' views on the Council and its partners' support to SMEs and their needs and barriers through a series of meetings, including a public meeting.

3.5 Twelve recommendations were made covering the following four areas: Understanding SMEs; Link between large enterprises and SMEs; engaging businesses, and; role of the Council. A recommendation was to strengthen the link between large enterprises and SMEs in the areas of supply chain, professional advice and lending, because the group believed that the borough's unique business environment – very large international enterprises and SMEs were located side-by-side – needed to be maximised for SMEs to flourish further. The group also found that businesses were often missed out from consultation and engagement and the Council and partners needed to be more aware of business needs and the impact on their policies and programmes. The group made a recommendation that the Council facilitate setting up a business forum in Tower Hamlets.

3.6 This scrutiny review was developed in parallel with the development of the Borough's Enterprise Strategy. The Enterprise Strategy will be aligned with the recommendations.

3.7 The report with recommendations is attached at Appendix A.

3.8 Once agreed, this working group report will be submitted to Cabinet for a response to the recommendations.

4. Concurrent Report of the Assistant Chief Executive (Legal)

4.1 The Council is required by section 21 of the Local Government Act 2000 to have an Overview and Scrutiny Committee and to have executive arrangements that ensure the committee has specified powers. Consistent with this obligation, Article 6 of the Council's Constitution provides that the Overview and Scrutiny Committee may consider any matter affecting the area or its inhabitants and may make reports and recommendations to the Full Council or the Executive in connection with the discharge of any functions. It is consistent with the Constitution and the statutory framework for the Executive to provide a response.

4.2 The report recommends action by the Council to empower small and medium-sized enterprises. Some of the proposed action may fall within the Council's planning functions.

4.3 Fostering enterprise so as to achieve a prosperous community in Tower Hamlets is one of the key objectives expressed in the Community Plan. Action taken to achieve this objective may be underpinned by the Council's well-being power, set out in section 2 of the Local Government Act 2000. The Council is empowered under that section to do anything which it considers likely to promote the social, economic or environmental well being of Tower Hamlets, provided the action is not otherwise prohibited by statute. The power may be exercised in relation to, or for the benefit of: (a) the whole or any part of Tower Hamlets; or (b) all or any persons resident in Tower Hamlets. In exercising the power, regard must be had to the Community Plan. The Council should be satisfied in each case that there is appropriate evidence that any proposed action will relevantly promote well-being.

4.4 In respect of recommendation 12 in the report, care will need to be taken that the Council complies with the data protection principles under the Data Protection Act 1998.

5. Comments of the Chief Financial Officer

5.1 This report describes outcome of the report and recommendations of the Empowering Small and Medium Sized Enterprises (SME) Working Group.

5.2 There are no specific financial implications emanating from this report, however recommendation 6 in the report proposes the establishment of business advice sections at all IDEA Stores and any additional costs of this proposal would have to be contained within existing directorate revenue budgets. Also, future action should be agreed in conjunction with Development & Renewal Directorate and Procurement as the lead partners in the Council for supporting SMEs.

5.3 If the Council agrees further action in response to this report's recommendations then officers will be obliged to seek the appropriate financial approval before further financial commitments are made.

6. One Tower Hamlets consideration

6.1   The aspiration of One Tower Hamlets is to reduce poverty and inequality, bring communities closer together and provide strong leadership by involving people and giving them the tools to support and improve their lives. SMEs, which occupies 99.9% of the total number of enterprises in the UK, provides residents with opportunities for jobs and gaining skills. The development of SMEs will help address worklessness and contribute to economic development through the expansion of employment and turnover, which will help reduce poverty and inequality.

6.2   The recommendations of this scrutiny review took account of One Tower Hamlets. For example, the working group supported the procurement policy's consideration to equalities and recommended to fully implement the objective in the corporate procurement strategy through developing our understanding of SMEs. The recommendation to link large enterprises with SMEs will enhance cohesion of the borough.

7.   Risk Management

7.1   There are no direct risk management implications arising from the working group report or the recommendations.

Report of the Scrutiny Review Working Group on Empowering Small and Medium-sized Enterprises

TOWER HAMLETS

London Borough of Tower Hamlets
May 2011

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Acknowledgments

The working group would like to thank all the officers and participants that embraced this review. The views and perspectives of all that were involved have been fundamental in shaping the final recommendations of this report.

Working Group Chair:

Councillor Rachael Saunders

Working Group Members:

Councillor Anwar Khan
Councillor Motin Uz-Zaman
Councillor Carli Harper-Penman
Councillor David Edgar
Councillor David Snowdon

Other Elected Members

Councillor Rania Khan, Cabinet Member for Regeneration
Councillor Kabir Ahmed

Co-opted Members:

Zoe Portlock	Tower Project
William Colverson	Resident Steering Group Member, Local Area Partnership 7

Scrutiny and Equalities:

Hafsha Ali	Joint Acting Service Head, Scrutiny and Equalities
Afazul Hoque	Scrutiny Policy Manager
Keiko Okawa	Scrutiny Policy Officer
Daniel Kerr	Intern, Scrutiny and Equalities

London Borough of Tower Hamlets:

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Andy Scott	Employment and Enterprise Manager
Huw Morgan-Thomas	Enterprise Manager
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Michael Bell	Strategic Planning Manager
Toks Osibogun	Head of Valuation and Estates
Richard Parsons	Service Head Procurement and Corporate Programmes

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Alexandra Webb	Procurement Development Manager of East London Business Place/ Canary Wharf Group plc/ The Bishop's Square Procurement Support Project
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Mark Slankard	Urban Bars
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Jonathan Hems	Managing Director, J.GO Consulting Ltd.
Pip Pinhorn	Manager, Toyhouse Libraries Association of Tower Hamlets
Jackie Remfry	Manager, SsBA Community Trust/ Poetry in Wood
Arlene Scott	Director, Mpensi People's Project
Karen Snow	Host and community coordinator, Youdev

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Cllr Rachael Saunders
Scrutiny Lead, Prosperous Community

Recommendations

The working group recommendations set out the areas requiring consideration and action by the Council and the Tower Hamlets Partnership to empower Small and Medium-sized Enterprises. The recommendations cover three main areas:

1 Understanding SMEs

Recommendation 1 – That the Employment and Enterprise Team of the Council use the Local Economic Assessment and other sources of information to collate and publish a clear picture of the small and medium-sized business sector in Tower Hamlets, its interdependences with big business and other sectors, and its diversity. This should form part of the Enterprise Strategy.

Recommendation 2 – That the Employment and Enterprise Team consider the rate of business death, its impact, and how to encourage support and advice services that can support businesses to continue in the current difficult economic climate.

2 Link between large enterprises and SMEs

Recommendation 3 – That the Employment and Enterprise Team consider how we can broker relationships that benefit SMEs, taking advantage of Canary Wharf and our proximity to the city. The Council should negotiate on areas including supply chain, professional advice, provision of business mentors and access to lending for local businesses. The banks, professional services firms and others based in east London will benefit themselves if they contribute further to the building of strong local communities.

3 Roles of the Council and partners

Recommendation 4 – That the Citizen Engagement Strategy clearly identify the business community as a key stakeholder in the, and effectively engage and consult businesses, especially when a change of a policy and/or programme is introduced.

Recommendation 5 – That the Employment and Enterprise Team facilitate setting up a business forum in Tower Hamlets, to discuss borough-wide business issues, including business space, co-ordinating business support, feedback on planning and licensing, change of Council and partners' policies and programmes, such as planned road works and waste management, or regeneration proposals.

Recommendation 6 – That the Employment and Enterprise Team review and identify areas of business information support including:
- Ensuring information is widely available through the Council website and other media;
- Coordinating business advice services in the borough and ensuring that it is adequately signposted, and;

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- Establishing a business advice section at all IDEA Stores to support businesses in the borough.

Recommendation 7 – That the Employment and Enterprise Team work in partnership with the Parking Services to review how parking restrictions affect local businesses, especially in Town Centres to support the borough's economic development, especially in areas where local businesses benefit from trade that comes from outside the borough.

Recommendation 8 – That the Planning and Building Control Service of the Council closely work with developers at all stages of development, including the pre-application stage, for the effective use of space and review vacant premises in housing developments and develop planning guidance to encourage the development of spaces that can be used by light industry or other local businesses, and secure appropriate space for SMEs from new development.

Recommendation 9 – That the Mayor continue to lobby the central government and work with private companies to further develop the borough's infrastructure, including superfast broadband and transport.

Recommendation 10 – That the Asset Management Team review its letting policy and consider letting Council properties, including currently unused ones, to small businesses on a short-term basis.

Recommendation 11 – That the Planning and Building Control Service, through the Local Development Framework Core Strategy, explore possibilities of establishing micro-scale business parks in the borough.

Recommendation 12 – That the Procurement and Corporate Programmes Service investigate how we better utilise R2P to develop our understanding of SMEs in the borough to fully implement the objectives in the corporate procurement strategy.

Introduction

1. The Department for Business Innovation and Skills (BIS) defines small enterprises as those with 0 to 49 employees, medium as 50 to 249 employees and large as 250 or more employees. [1] Employees may work full or part-time; each counts as one employee. SMEs are vital to the UK economy, in particular, for jobs and economic growth. A dynamic and growing SME sector is likely to contribute significantly to future growth and productivity. For example, new businesses enter the market and displace less efficient established businesses. SMEs also introduce innovative products and business processes.[2] In 2009, Small and Medium-sized Enterprises together accounted for 99.9 per cent of all enterprises in the UK, 59.8 per cent of private sector employment and 49.0 per cent of private sector turnover.[3] However, due to the recent Comprehensive Spending Review, the environment for SMEs is set to become tougher. Many local government services and facilities to help small businesses and the self-employed will no longer exist or significantly decrease.[4] The challenge the Council faces is to continue to help create jobs in the borough and to maintain a vibrant economy.

2. The Enterprise Strategy, which is currently being developed,[5] aims to promote enterprise and entrepreneurship in Tower Hamlets to provide opportunity and social mobility. The strategy will use the findings of the Local Economic Assessment (LEA), completed in November 2010. The LEA is a thorough place-based assessment of the comparative economic strengths and weaknesses of a local authority's area. It is expected to ensure that there is a clear understanding of the conditions required for businesses to flourish in the borough and for people to take advantage of economic opportunities. The previous government believed that local authorities had a role to play in generating the potential for business growth and placed the duty of completion of an LEA through the Local Democracy, Economic Development and Construction Act 2009 (Article 69).

3. This scrutiny review aimed to consider the issue of empowering SMEs in the context of the Council's Enterprise Strategy and identify what support local SMEs receive and make recommendations to help them flourish further in the borough.

4. The review had the following objectives:

   - Develop understanding of the Enterprise Strategy and the findings of the Local Economic Assessment;

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[1] 'Small and Medium-Sized Enterprise (SME) statistics for the UK and Regions, 2009, Methodology Note, Department for Business Innovation and Skills, 13 October 2010.

[2] *The Provision of Growth capital to UK Small and Medium Sized Enterprises*, The Stationary Office, 23 November 2009, p. 3 and 7.

[3] 'Statistical press release', BIS, 13 October 2010, p. 1.

[4] 'London's Councils and their relationship with small businesses: London Borough of Tower Hamlets: A report for the Greater London Region of the Federation of Small Businesses by the FSB's London Policy Unit', Federation of Small Businesses, December 2010.

[5] The working group heard that the strategy would be ready for consultation in May-June 2011.

- Develop understanding of the borough's SMEs and their needs to further flourish;
- Consider the barriers to SMEs flourishing in the borough and to find solutions;
- Examine the role of the Council and its partners in supporting SMEs;
- Consider how empowering SMEs can help deliver One Tower Hamlets;
- Make recommendations on how stakeholders can help empower SMEs in the borough.

5. This report details findings from the review and lists recommendations agreed by the working group. The recommendations cover four main areas: Understanding SMEs; Link between large enterprises and SMEs; engaging businesses, and; role of the Council.

Timeframe

6. The group agreed the following timeframe for the review:

Introductory meeting (26 January 2011)
- Presentations and discussions on the Tower Hamlets Local Economic Assessment, Tower Hamlets Enterprise Strategy and Council and its partners' support to SMEs.

Public Meeting on supporting SMEs (16 February 2011)
- Discussions on SMEs' needs and barriers, and roles of the Council and the partners.

Review meeting (22 February 2011)
- Presentations and discussions on supporting SMEs through planning, and developing business accommodation for SMEs.
- Discussion on large enterprises and SMEs.

Final review meeting (15 March 2011)
- 'Procurement support for SMEs'.
- Discussion including findings from previous meetings and draft recommendations.

Background

National context

7. SMEs play a significant role in the UK economy and employment. In 2009, SMEs accounted for 99.9 per cent of all enterprises in the UK, 59.8 per cent of private sector employment and 49.0 per cent of private sector turnover.[6] The table below shows the number and share of enterprises, employment and turnover by number of employees in the UK private sector in 2009.

		Enterprises	%	Employment (/1,000)	%	Turnover (/ £ million)	%
All enterprises		4,834,045	100	22,819	100	3,240,329	100
SMEs (0-249 employees)		4,828,160	99.9	13,639	59.7	1,588,581	49.0
With no employees	Small	3,613,975	99.3	3,942	48.2	239,559	35.7
1-9		1,019,605		3,813		444,953	
10-49		167,670		3,251		472,272	
50-249	Medium	26,910	0.6	2,633	11.5	431,797	13.3
250 or more	Large	5,885	0.1	9,179	40.2	1,651,748	51.0

Budget 2011 and 'The Plan for Growth'

8. The 2011 budget, presented by the Chancellor George Osborne on 23 March 2011, set out the Government's initiatives for economic growth. Their economic policy objective is to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries. Through the budget, they aim to rebalance the economy from unsustainable public spending towards exports and investment. They believe that the budget will support the UK's long-term economic potential and help to create new jobs.[7]

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[6] 'Statistical press release', BIS, 13 October 2010, p. 1.
[7] http://www.hm-treasury.gov.uk/2011budget.htm

9. The Government published *The Plan for Growth*[8] at Budget, which set out a package of measures to support private sector investment, enterprise and innovation. This document considers SMEs as vital to the economy and set out a range of measures that will support them (pp. 26-27). They include:

    To minimise regulatory burdens on SMEs, the government will:
    - Introduce a moratorium exempting micro and start-up businesses from new domestic regulation for three years from 1 April 2011;
    - To help SMEs access the finance they need to grow and invest;
    - The major UK banks have agreed to increase the finance available for SMEs by 15% in 2011, to £76 billion;
    - The government is significantly reforming the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs), subject to state aid approval.
    To reduce fixed costs for SMEs, the government will:
    - Extend the current small business rate relief holiday for one year from 1 October 2011, which means that 330,000 SMEs will pay no rates for a year.
    To make it easier for SMEs to access public sector procurement, the government will:
    - Transparently monitor progress towards eliminating pre-qualification questionnaires for contracts below £100,000; and putting procurement opportunities on Contract Finder. The government will also monitor progress towards its aspiration of awarding 25% of government contracts to SMEs.
    To make it easier for SMEs to get planning consent, the government is:
    - Introducing measures to streamline the planning applications and related consents regimes, including a 12 month guarantee for the processing of all planning applications, including any appeals.
    To make it easier for SMEs to start up and grow across the UK, the government will:
    - Set up 21 new Enterprise Zones.
    To address the specific barriers faced by SMEs in accessing apprenticeships, the government will:
    - Support business consortia to set up and maintain advanced and higher apprenticeship schemes, supported by grants, creating a further 10,000 apprenticeships.

Access to finance

10. *The Plan for Growth* report outlines that many businesses are struggling to access the finance. The government found an equity gap for SMEs seeking equity finance[9] in the range of £250,000 to £2 million. They found that the UK venture capital market significantly declined and private investors have tended to move away from SMEs and towards larger deals and more established

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[8] March 2011, http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf
[9] Equity finance is a way of raising share capital from external investors in return for handing over a share of the business. The two main providers of equity finance for private businesses are venture capitalists (also known as private equity firms) and business angels.

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businesses.[10] Receiving this, the government announced policies for SMEs with high growth potential seeking up to £2 million in equity finance. They are: 1) an extension of the Enterprise Capital Funds programme, which will provide up to £300 million in equity finance over the next four years, and; 2) a proposed Business Angel Co-investment Fund to unlock investment for high growth potential SMEs.[11]

11. *The Provision of growth capital to UK small and medium sized enterprises*[12] identifies the following SME finance types:

   - Bank Finance
   - Grants and informal lending (from family and friends)
   - Lending guarantee schemes
   - Business Angels (government supported venture capital funds)

12. Bank finance is the primary form of external finance for SMEs. However, SMEs often find it inappropriate for their business and/or find it difficult to borrow money from banks. Bank loans are often usually secured against assets that can be sold to repay the lender. Therefore, for the SMEs whose assets are smaller than the finance they would like to receive, it is difficult to secure finance for their new businesses. Also, bank finance to SMEs can be relatively short term.[13] In the current economic climate, banks' lending has decreased and loan interest rates have increased.[14] These are some of the barriers to SMEs securing bank finance.

13. The Government's Enterprise Finance Guarantee, a lending guarantee scheme, helps SMEs that have no – or not enough – security to secure a commercial loan. The Guarantee provides SME lenders with a government guarantee for 75% of lenders' exposure on individual loans. It supports lending to businesses with an annual turnover of up to £25 million seeking loans of £1,000 through to £1 million and is available in most business sectors.[15] The government announced that it would continue this scheme until 2014-2015, providing over £2 billion in total over the next four years.[16]

14. Business Angels are high net worth individuals who invest on their own, or as part of a syndicate, in high growth businesses. In addition to money, Business Angels often make their own skills, experience and contacts available to the company. They usually invest between £10,000 and £750,000 in an investment. Where larger amounts are invested in a business, this may be as part of an organised syndicate. The British Business Angels Association, supported by the Department for Business Innovation and Skills (BIS), is the trade association

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[10] *The Plan for Growth*, HM Treasury and Department for Business Innovative and Skills, March 2011, p. 21 and 63.
[11] The Plan for Growth, 2011, p. 66.
[12] The Stationary Office, 23 November 2009.
[13] *The Provision of Growth capital to UK Small and Medium Sized Enterprises*, The Stationary Office, 23 November 2009, p. 8.
[14] 'A huge opportunity for the British public to support small businesses', FT, 11 November 2010.
[15] http://www.businesslink.gov.uk/bdotg/action/detail?itemId=1081839421&type=RESOURCES
[16] http://www.bis.gov.uk/policies/enterprise-and-business-support/access-to-finance/enterprise-finance-guarantee

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dedicated to promoting, angel investing and supporting early stage investment in the UK. Angel investors represent the single largest source of early stage capital in the UK.[17]

Regional context

15. The Mayor of London has a duty to set out plans and policies for London on a wide range of issues, including economic development and regeneration. The following strategies – the London Plan and the Mayor's Economic Development Strategy – have significant implications for SMEs.

The London Plan

16. The London Plan is the strategy plan setting out an integrated social, economic and environmental framework for the future development of London, looking forward 15-20 years.[18] Individual London borough's development plan documents must be in general conformity with it. The London Plan's Policy 4.1 (Developing London's economy) states, 'The Mayor will work with partners to: promote and enable the continued development of a strong and increasingly diverse economy across all parts of London, ensuring the availability of sufficient and suitable workspaces in terms of type, size and cost, supporting infrastructure and suitable environments for both larger employers and small and medium sized enterprises.'

The Mayor's Economic Development Strategy

17. One of objectives of the Mayor's Economic Development Strategy is to ensure that London has the most competitive business environment in the world. To achieve this, the strategy writes, 'The Mayor will encourage cost effective business support programmes for London's businesses, and especially for SMEs and entrepreneurs'.[19] The strategy recognises the SMEs' significant contribution to the economy and mentions that the role of public sector business support is to address the barriers to the growth and success of London's businesses, such as the ability to access loans and equity investments.

18. The Mayor believes that the role of public sector services is to complement existing support and advice arrangements, for example, from private sector companies and from other entrepreneurs through business, social and family networks. The Mayor's Economic Development Strategy states that the public sector should only intervene where there is clear evidence that the market is not providing the most economically efficient solution.[20]

Enterprise Zones

19. The 2011 budget announced the creation of 21 new Enterprise Zones in local enterprise partnerships across England with simplified planning rules, super-fast

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[17] http://www.bbaa.org.uk/
[18] http://www.london.gov.uk/thelondonplan/docs/londonplan08.pdf
[19] The Mayor's Economic Development Strategy for London, May 2010, p. 33.
[20] Ibid.

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broadband and tax breaks for businesses. In London, Royal Docks, 125 hectares of development land next to City Airport, has been given Enterprise zone status. Greater London Authority (GLA) expects that thousands of jobs will be created by this status. New businesses locating there during the term of the current Parliament will benefit from reduced rates for five years and the business rates collected from those newly established businesses in the zone will be retained by the London Enterprise Partnership for the next 25 years. The London Enterprise Partnership, created between the GLA and London boroughs and businesses in February 2011, will identify opportunities for business and economic growth, innovation, training and job creation. GLA states that 'This will create an ongoing economic development fund which can be re-invested in promoting economic growth elsewhere in the capital or set against borrowing for investment'.[21]

20. The implication of the Royal Docks Enterprise Zone, adjacent to the borough, is still unclear. Arising questions include: Will the Enterprise Zone contribute to the business growth in the borough? Will SMEs in the borough be inclined to move to the Zone? If they are willing to stay in the borough, why?

Mayoral Development Corporation

21. Localism Bill sets out proposals to provide powers for the Mayor of London to designate any area of land in Greater London as a mayoral development area and to create a Mayoral Development Corporation (MDC). An MDC's object is to secure the regeneration of its area (Clause 172, Localism Bill). The MDC can become the Local Planning Authority for the purposes of plan-making, development control and neighbourhood planning (Clause 173).[22] The MDC may make arrangements for the discharge of its development control functions in whole or part, by the relevant councils (Clause 174). So, once an area becomes part of a mayoral development area, a Council that has the area within may lose its planning control power. The MDC would commence the majority of its function on 1 April 2012 and take over as local planning authority in October 2012.

22. The Mayor of London published plans that the Olympic Park Legacy Company (OPLC) will be reformed as a Mayoral Development Corporation (MDC) for consultation in February 2011. The MDC will incorporate the assets and responsibilities of the existing OPLC, as well as some of the work of other existing regeneration agencies in the area. The Mayor's proposals include a commitment that the MDC would work very closely with the four London boroughs covered by its proposed boundary, including Tower Hamlets.[23] A proposed boundary would include some part of the borough: Fish Island and

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[21] http://www.london.gov.uk/media/press_releases_mayoral/london%E2%80%99s-royal-docks-become-one-country%E2%80%99s-largest-enterprise-zones

[22] GLA writes, 'The Bill proposed to give MDCs powers similar to those currently held by Urban Development Corporation relating to: infrastructure; regeneration, development and other land-related activities; acquisition of land, including by compulsory purchase; streets; the creation of businesses, subsidiaries and other companies; and offering financial assistance' at http://www.london.gov.uk/media/press_releases_mayoral/mayor-consults-development-corporation-drive-olympic-park-legacy.

[23] http://www.london.gov.uk/media/press_releases_mayoral/mayor-consults-development-corporation-drive-olympic-park-legacy

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Bromley-by-Bow North (with a southern boundary at the District Line). The consultation ended on 28 April 2011.[24]

Mayor of London's Community Infrastructure Levy (CIL)

23. The Community Infrastructure Levy, introduced under the Planning Act 2008, is a means by which Local Planning Authorities can secure top-up funding for local and sub-regional infrastructure such as roads, public transport, schools or health facilities. The Mayor of London published proposals for a new London wide Community Infrastructure Levy (CIL) on development in the capital. GLA intends to raise £300 million through CIL towards the delivery of Crossrail.[25] Following a consultation process, GLA's CIL will be introduced in spring 2012. CIL will be collected by the boroughs once development commences. In January 2011, the Mayor proposed three CIL charging zones: 1) Zone 1 boroughs - £50 per square metre; 2) Zone 2 boroughs (including Tower Hamlets) - £35 per square metre, and; 3) Zone 3 boroughs - £20 per square metre.[26]

Local context

Businesses in Tower Hamlets

24. *Tower Hamlets Local Economic Assessment (LEA): Volume 2 – Economy and Enterprise* depicts the borough's economy in detail and highlights the contrast of very different scale of enterprises existing in the borough. It writes,

> Effectively, two 'sub-economies' operate in Tower Hamlets. Canary Wharf and the City Fringe (together accounting for about 60% of total jobs) exhibit the specialist jobs and sectors expected of an advanced service sector economy at the centre of a global city. The rest of the Borough is considerably closer in terms of the types of jobs in East London more generally.[27]

25. LEA identified issues around premises for SMEs, in particular, the quality of premises for small firms is low and there are only a small proportion of smaller workplaces for start-up firms. B1 units[28] under 100 m² form under 2% of supply and its demand is strong.

26. The majority of available SME office space under 100 m² appears to be located in the City Fringe followed by the Isle of Dogs with a lack of provision in more peripheral areas. There is demand for short term lets and more flexible workplaces by businesses in the City Fringe area in particular, but there is a restricted market for small office premises there and other parts of the borough. A 2006 Council study found a requirement for more business space aimed at the small business sector, particularly units under 100 m². The inadequate supply of

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[24] Haringey Council is in discussions with the Mayor of London to explore establishing a MDC in the N17 area.
[25] This is part of funding agreement between the Mayor and ministers.
[26] The consultation ended in March 2011.
[27] Tower Hamlets Local Economic Assessment Volume 2: Economy and Enterprise, p. 22.
[28] Office use (not financial and professional services) as defined by Town and Country Planning Act 1990.

premises for SME firms may be forcing certain types of firms out of the borough.[29]

27. The table below shows the numbers and percentage of units and employees in the borough.[30] It shows that at least 32% (units of 1-199 employees; SMEs have up to 249 employees) of the borough's workforce works for SMEs.

Size	data units		employees	
	Business units	Business units (%)	No. of employees	No. of employees (%)
1-10 employees	10,104	86	24,754	12
11-49 employees	1,186	10	26,574	13
50-199 employees	365	3	34,047	17
200 or more employees	80	1	24,207	12
500 or more	54	0 (Actual 0.5%)	93,908	46

Source: Annual Business Inquiry from 2008

Enterprise Strategy

28. The Borough's Enterprise Strategy aims to promote enterprise and entrepreneurship and to provide opportunity and social mobility. The Strategy will bring policies and initiatives together to continue the beneficial effects of the headline changes in the Tower Hamlets enterprise economy, and make them more relevant to borough residents:

- A continued convergence between the enterprise economy of Tower Hamlets and that of the rest of Central London, facilitating the development of those growth sectors (financial services and a wide range of business services) with which Tower Hamlets makes a characteristic contribution to the Central London business district;
- Such a development in growth sectors throughout Tower Hamlets, with particular reference to the borough's town centres, and;
- Effective support measures for local residents who wish to earn a living, in whole or in part, by means of entrepreneurial activity.

29. The aim of the Strategy will be achieved by the following strategic objectives:
   1. A part of the Central London Economy: positioning Tower Hamlets as the borough to do business;
   2. New business: supporting enterprise start-ups and growth;
   3. Spreading the benefits of growth: developing a partnership with and between big businesses;
   4. A changing economy: growing emerging sectors;
   5. A pioneering borough: fostering an entrepreneurial and innovation culture;

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[29] Tower Hamlets Local Economic Assessment Volume 2: Economy and Enterprise, p. 72.
[30] Information provided by Andy Scott, Employment and Enterprise Manager, LBTH on 6 May 2011

6. A 'place' for business: ensuring Tower Hamlets has the right spaces and places to support a diverse, thriving economy.

30. The draft Enterprise Strategy[31] writes that the borough's cultural and creative, tourism, leisure and retail sectors have potential for significant growth.[32] These sectors represent an opportunity to diversify the economy, making it more resilient and providing a greater variety of jobs at different skills levels, thus enhancing opportunities for residents.[33] It highlights the benefit of retail jobs to groups struggling to access the labour market, as '[r]etail jobs require a range of skills, but are often entry-level or suited to less skilled workers… [Retail jobs'] absence is of social and economic concern.[34] Under the first strategic objective, the draft strategy set a sub-objective 'Develop a sector-based approach which matches Tower Hamlets strengths to growth sectors and market opportunities'.[35]

Local Development Framework (LDF)

31. The Local Development Framework (LDF) Core Strategy, agreed by Cabinet in September 2010, refers to SMEs. The Core Strategy is the spatial interpretation of the Community Plan and thus is one of its central delivery tools. It sets out how the borough will seek to manage physical change, including illustrating where and when growth and change will happen in the borough.[36] The Core Strategy (Spatial Policy: SP 06) writes, 'Encouraging and retaining the provision of units (of approximately 250sq m or less) suitable for small and medium enterprises.

32. The Core Strategy (SP01) redefines the town centre hierarchy. This hierarchy defines the uses of spaces. The town centre hierarchy is:

a. Central and Activity Zone
b. Tower Hamlets Activity Area
c. Major Centre (Canary Wharf)
d. District Centre[37]
e. Neighbourhood Centre[38]

33. More detailed planning documents are now being developed as part of the LDF to deliver the Core Strategy. *'Sites and Place Making Development Plan Document'* will define town centre boundaries, local office locations and local industrial locations. Drawing town centre boundaries is significant, because what is in/out of the Town Centre affects the use of the spaces. 'Development

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[31] This draft for consultation was released on 21 April 2011.
[32] 'Tower Hamlets Enterprise Strategy Draft for consultation', April 2011, p. 3.
[33] Ibid., p. 44.
[34] Ibid., p. 26.
[35] Ibid., 0. 62.
[36] 'LDF Core Strategy: Adoption of the plan' submitted to the Overview and Scrutiny Committee, 7 and 8 September 2010.
[37] New district centres are: Bromley-by-Bow and Brick Lane. District Centres contain a wide range of shops and services including doctor surgeries.
[38] New neighbourhood centres are: Mile End, Limehouse Station, Thomas More, Stepney Green, Devons Road, and Hackney Wick. Neighbourhood Centre contains a range of shops mainly for day-to-day use.

Management Development Plan Document' will provide detailed policies for the assessment of planning applications, including policies relating to the protection and provision of employment uses with specific regard to providing space for SMEs. *'Fish Island Area Action Plan'* will manage the release of industrial land to create new employment opportunities. Fish Island, located in the south of the Olympic area, is a growth area. This plan will manage the area through ensuring support facilities in the area for increasing population and residents. The plan will include the creation of new space for creative and cultural industries; improving transport connections, and; the improvement of the quality of physical environment.[39]

Community-led planning approaches under the Localism Bill

34. Localism Bill, published in December 2010, sets out a series of proposals with the potential to achieve a substantial shift in power away from central government and towards local people.[40] To enable local communities to influence development in their communities, the bill envisages 'reform to make the planning system more democratic and more effective'.

35. One of the bill's proposals is the introduction of 'neighbourhood planning'. The bill introduces a new right for communities to draw up a 'neighbourhood development plan'. Neighbourhood planning will allow people to come together through a local parish council or neighbourhood forum and say where they think new houses, businesses and shops should go, and what they think should look like. Local communities would also be able to grant full or outline planning permission in areas where they most want to see new homes and businesses, making it easier and quicker for development to go ahead. Provided a neighbourhood development plan is in line with national planning policy, with the Council's Local Development Framework Core Strategy, and with other legal requirements, local people will be able to vote on it in a referendum. If the plan is approved by a majority, the local authority will bring it into force. [41]

36. Local planning authorities will be required to provide technical advice and support as neighbourhoods draw up their plans,[42] and the Council will need to prepare for this new task. Concern about the neighbourhood plan has been raised. For example, the bill lacks a coherent strategic planning system combined with the complexity of the neighbourhood planning system and business should be empowered to play a key role in neighbourhood planning.[43] It was also pointed out that the thinking of delivering power to parishes and neighbourhoods was colliding with proposals from the chancellor to promote growth through bypassing the planning system, for example, through the provision of low-tax enterprise zones.[44]

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[39] Fish Island and Bromley-by-Bow are included in the area of the proposed MDC.
[40] A plain English guide to the Localism Bill, Communities and Local Government, January 2011, p. 2.
[41] CLG, 2011, *A plain English guide to the Localism Bill*, pp. 10-11.
[42] ibid., p. 11.
[43] House of Commons Library, 'Localism Bill: Committee Stage Report, Research paper 11/32, 12 April 2011, pp. 26-27.
[44] Guardian, 'Neighbourhood planning powers given and taken away', 6 April 2011.

The borough's Section 106 funding and Community Infrastructure Levy

37. The Council negotiates Section106 (S106) packages from major developments to develop local environment and infrastructure.[45] S106 agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health, affordable housing, employment and training support. The agreement is based on what is necessary to ensure that the development proposal properly mitigates its impact. Matters agreed as part of a S106 must be:

- Relevant to planning
- Necessary to make the proposed development acceptable in planning terms
- Directly related to the proposed development
- Fairly and reasonably related in scale and kind to the proposed development
- Reasonable in all other respects.

38. Part of S106 funding will be replaced by the Community Infrastructure Levy (CIL) by 2014. CIL allows local authorities to ask developers to pay a levy (charge) when they build new houses, businesses or shops. The money can be used to fund a wide range of infrastructure, both maintaining infrastructure and building new infrastructure. CIL will give local authorities greater freedom in setting the rate that developers should pay in different areas. The Localism Bill will give the Government the power to require that some of the money raised goes directly to the neighbourhoods where development takes place.[46]

39. CIL will be levied on most types of new development in a local authority area, so, broadening the range of developments being asked to contribute something towards local infrastructure.[47] Smaller businesses with ambitious expansions are more likely pay the levy where they do not currently. CIL is not area-restricted. The Government writes that it will ensure that resources can be used in the most effective way to support in the relevant area, which will increase flexibility to fund maintenance, operational activity and measures to promote or secure the efficient and effective use of infrastructure.[48]

40. Infrastructure Delivery Plan (IDP) for the London Borough of Tower Hamlets is a key document to support and inform other decisions relating to capital investment, and how funding should be distributed from sources including CIL. IDP is a supporting document for the Core Strategy and part of the Local

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[45] Section 106 (S106) of the Town and Country Planning ACT 1990 allows a local planning authority to enter into a legally binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 agreement.
[46] CLG, 2011, *A plain English guide to the Localism Bill*, pp. 11-12.
[47] CLG, 2011, *Localism Bill, Community Infrastructure Levy, Impact assessment*, p. 8.
[48] Ibid., p. 11.

Development Framework, and covers the plan period from 2010 to 2026. IDP will be periodically reviewed and monitored. [49]

41. Even after the introduction of CIL, S106 will be used for site specific mitigation measures that are required to make a development acceptable (such as a new access road) and for affordable housing provision. The Council will shortly be commencing work on establishing a CIL for the Borough. The Council is also preparing a Planning Obligations Supplementary Planning Document (SPD) which will confirm the Council's priorities for S106 agreements in the period up until the introduction of CIL.

Council's support to SMEs

Procurement

42. The Council has developed policies that help SMEs in the borough. The Corporate Procurement Strategy 2009-2011 writes 'Where possible, we will make contracting opportunities accessible to local small and medium-sized businesses, ethnic minority-owned business and the voluntary sector, and we will work with these organisations to help them to be fit to compete to do business with Tower Hamlets and other similar organisations'.[50]

43. The Council works with the East London Business Place (ELBP), funded by London Development Agency, to find a supplier. The ELBP works with SMEs in 10 local east London Boroughs[51] and buyers across all industry sectors to source and match local suppliers to the purchasing needs of buyers as part of regeneration efforts in the Thames Gateway.[52]

Providing Information

44. The Council website provides useful information for businesses and includes a wide range of information and services such as business support and advice, business funding and online business rates payments.

45. The Council does not supply business loans or grants directly. The leaflet, *Business Matters: Growing Your Business in Tower Hamlets,* comprises the following bookmarked sections and includes services and information on business funding:

- Starting your business;
- Growing your business;
- Targeted advice for your business;
- Protecting your business;
- Networking / business interest groups.

Support to SMEs in the borough

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[49] 'London Borough of Tower Hamlets Local Development Framework: Infrastructure Delivery Plan Final Report, September 2009', p. 6.
[50] 'Corporate Procurement Strategy 2009-2011', p. 2.
[51] They are: Tower Hamlets, Hackney, Newham, Waltham Forest, Redbridge, Barking and Dagenham, Havering, Bexley, Greenwich and Lewisham.
[52] www.clbp.co.uk

46. There are a wide range of organisations that provide support to SMEs in the borough.[53] The East London Small Business Centre (ELSBC), a not-for-profit support agency for small businesses, has helped all entrepreneurs in east London start-up and developed successful, sustainable businesses for over 30 years.[54] Every year, ELSBC strongly focuses on tackling worklessness within east London. It helps 300 new businesses to start up, invests in training for over 1,000 people including one-to-one advice about every step of business set-up and training courses. It also lends 2 million in funds to entrepreneurs to start-up or expand. The ELSBC's geographical focus is: Tower Hamlets, Newham, Havering, Redbridge, Barking and Dagenham and City of London.[55] One of the courses it runs is a four-day 'business planning course' for people who have been unemployed for at least a year. Its demand is high and success rates exceed its contractual target.[56]

47. East London Business Alliance (ELBA) is a business-led regeneration agency comprising over 100 Canary Wharf and City member companies. ELBA acts as a channel for business skills and experience to contribute to the social regeneration of East London. ELBA facilitates companies in their community involvement programmes helping bring the time, skills and expertise of their employees to work with partners in the public, community and voluntary sectors in tackling key issues locally. ELBA works in partnership with key local stakeholders to bring the time, skills, influence and resources of the private sector to help build the capacity of local organisations and support East London's regeneration efforts.

48. Fair Finance offers a range of financial products and services designed to meet the needs of people who are financially excluded and ignored by the mainstream financial services industry. Fair Finance offers microcredit loans to help new or existing businesses that need finance for either working capital or expanding stock. They offer their services to all businesses in London boroughs. A business can borrow up to £10,000. Between 1 January 2005 and 1 November 2010, Fair Finance supplied 40 loans to businesses in Tower Hamlets, loaning a combined total of £164,700.

Support to Social Enterprises

49. Social enterprises are businesses driven by a social or environmental purpose. It is reported that almost all social enterprises (99.3%) are small to medium in size (fewer than 250 employees) in the UK.[57] The difference of social enterprises from conventional businesses is that social purpose is at the heart of all that they do, and the profits they make are reinvented towards achieving that purpose.[58]

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[53] *Business Matters: Growing your business in Tower Hamlets* (www.towerhamlets.gov.uk/businessmatters).
[54] *ELSBC Annual Review 2009*, p. 1.
[55] www.goeast.org
[56] 'Tower Hamlets Local Economic Assessment Volume 2: Economy and Enterprise, Fourth Draft', p. 84.
[57] State of Social Enterprise Survey 2009, Social Enterprise Coalition, p. 10.
[58] www.socialenterprise.org.uk.

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50. A range of organisations offer support to social enterprises in the borough. The Bromley by Bow Centre, a community organisation in the borough established in 1984, has helped to expand social enterprise out into the community, backing local entrepreneurs to set up their own successful businesses through the Beyond the Barn programme. The Centre launches and incubates new social enterprises, and provides hands-on practical support to ensure their success in the early years of trading, including business planning, strategic, financial and marketing reviews, training and development, promotion and events, volunteering opportunities, pro-bono legal advice and small set-up grants. The programme has helped to launch 28 successful new social enterprises with a combined turnover of more than £3 million and created over 200 new jobs. 60% of the social enterprises are BME led and 20% are run by women.[59]

51. Spitalfields Small Business Association (SsBA), which has tenants and properties in Brick Lane, Spelman Street, Deal Street, Princelet Street, and Hanbury Street, is one of the biggest landlords in Spitalfields. It is a community business which works to benefit the local area and help provide jobs. SsBA also provides free business advice and a wide range of activities that improve and strengthen the local economy.[60]

   Social Enterprise London (SEL) is a membership network with over 2,000 members. SEL provides various services to the members. They include:
   - Commercial partnerships with the private sector;
   - E-bulletin fortnightly, containing news, events, training, jobs and funding, contracting and tendering opportunities;
   - Training programmes;
   - Networking events.

52. With a 'full' membership (£50.00 + VAT per year), a member will receive a range of benefits including discounts to events, training programmes and conferences, and a two-hour session of one-to-one business advice.

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[59] http://www.bbbc.org.uk/pages/beyond-the-barn.html
[60] http://www.ssba.info/About_Us/ssba.html

Understanding SMEs in the borough

53. The working group received a presentation on the context of the Tower Hamlets economy based on key findings from the Local Economic Assessment. The most striking feature of the borough's economy is its size (Tower Hamlets' GDP: $9.7 billion – bigger than GDPs of Nicaragua, Lichtenstein, Monaco, Malta and Jersey) and a cluster of financial services, which is at the core of London's international financial and business service cluster. The concentration of financial services in the borough started taking place in the 1980s.

Figure 1: London's international financial and business services cluster
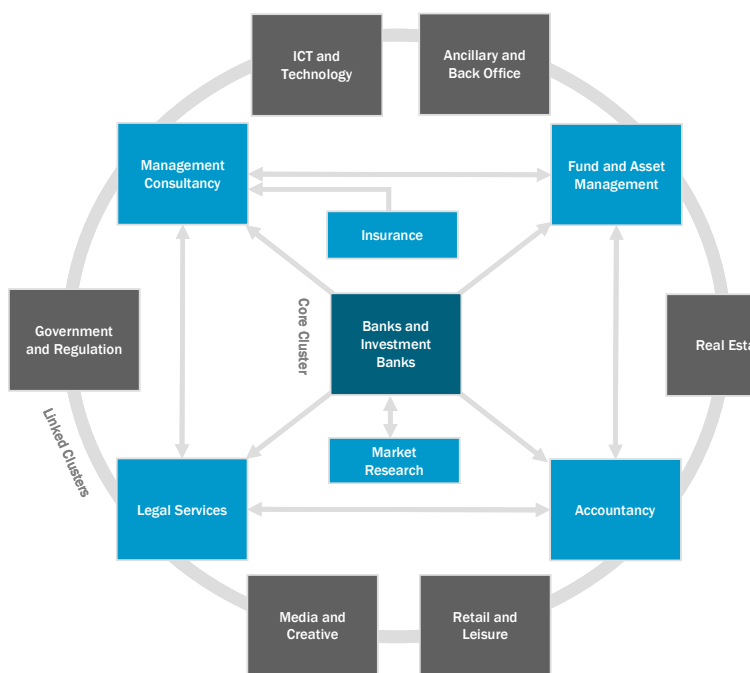
54. In the borough, 46% of employees work for large enterprises (in Canary Wharf only, 70% of employees work for large enterprises). This is larger than that of City of London (under 40%).[61] The financial services have drawn other services to the borough. 55% of jobs in the borough are in the business and financial services sectors combined (Central London - 44%).[62]

55. The borough's economy has been changing dynamically. Between 1998 and 2008, sectors that increased their employment included: financial services (200%+), Real estate (150%+), and ICT (over 100%). On the contrary, sectors including manufacture, whole sale and land transport reduced their employment in the same period (Figure 2).

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[61] In London, under 20% of employees work in large enterprises.
[62] Greater London – 34%; East London – 21%.

Figure 2: Tower Hamlets Sector Employment Growth, 1998-2008
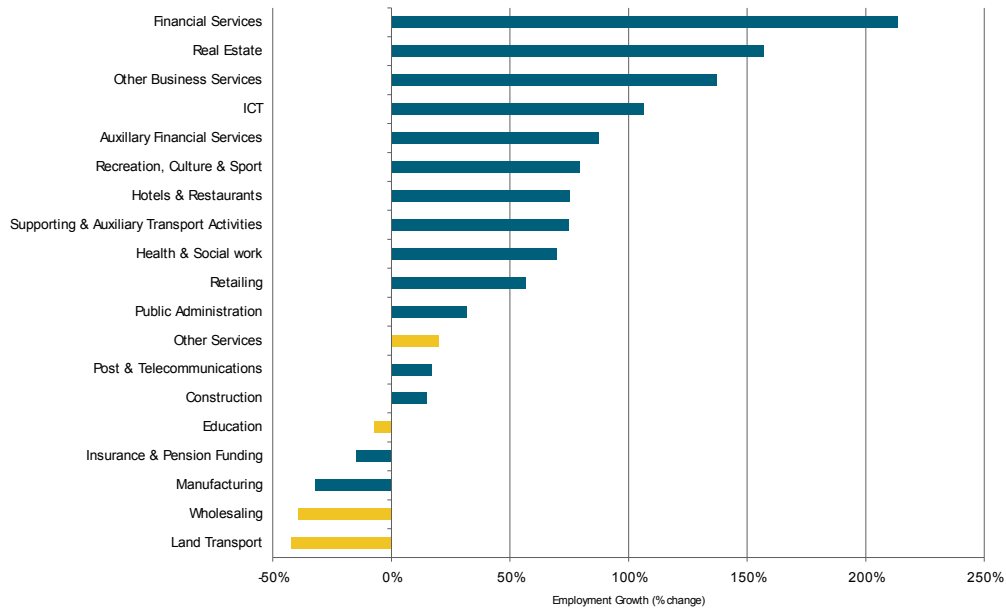
56. As Figure 3 shows, there are two concentrations of financial institutions in the borough: City Fringe (on the west border of the borough) and Canary Wharf. Non-financial businesses have spread across the borough (Figure 4).

Figure 3: Business in Tower Hamlets, 2009: Financial intermediation
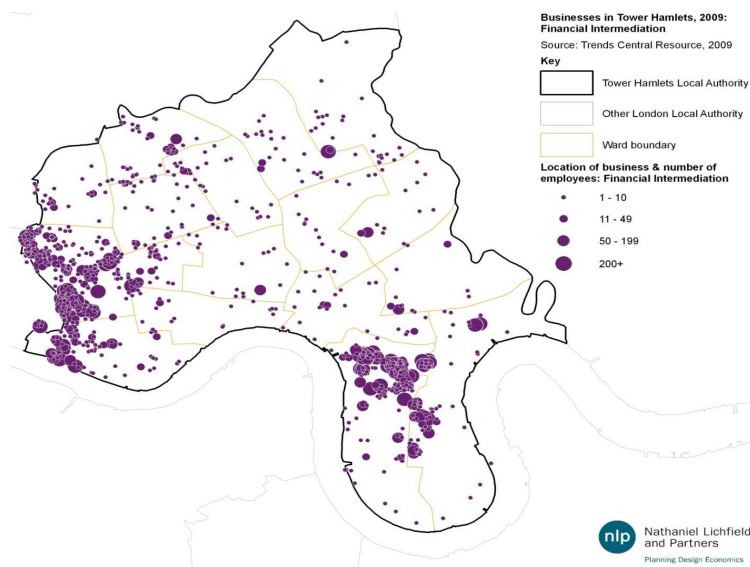
Figure 4: Business in Tower Hamlets, 2009: Real estate, renting and business activities
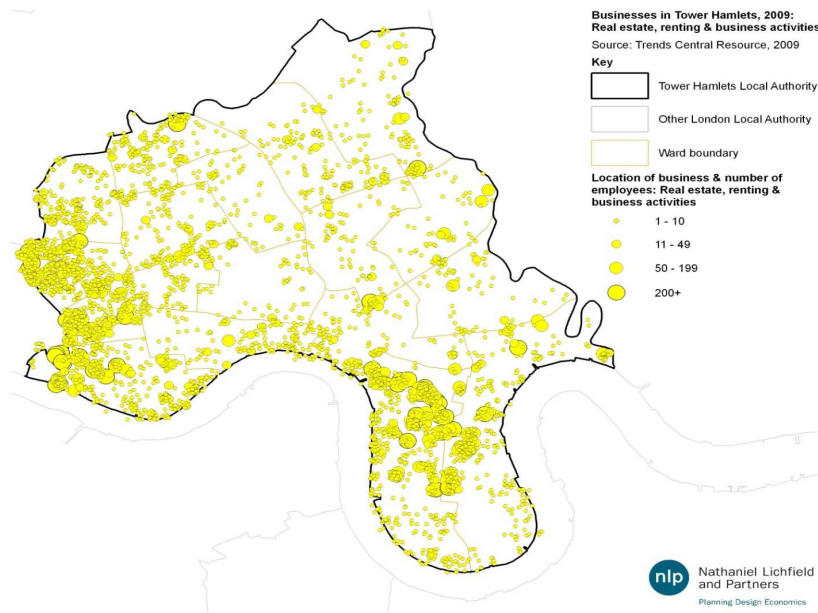
57. Through its vertical and horizontal axes, Figure 5 shows: 1) the relative density of businesses in different sectors compared with the London average (vertical) and; 2) the comparative employment across different sectors within the borough (horizontal). For example, there is high concentration of news agency businesses (vertical) and financial services and ancillary financial services combined offering 70,000 jobs in the borough. The education, and health and social care sector offers 26,000 jobs (horizontal). This figure also shows that 'wholesale and retail' and 'food and beverage service activities', part of growing sectors,[63] employ over 22,000.

Figure 5: Sectors' location quotient and number of employees in Tower Hamlets

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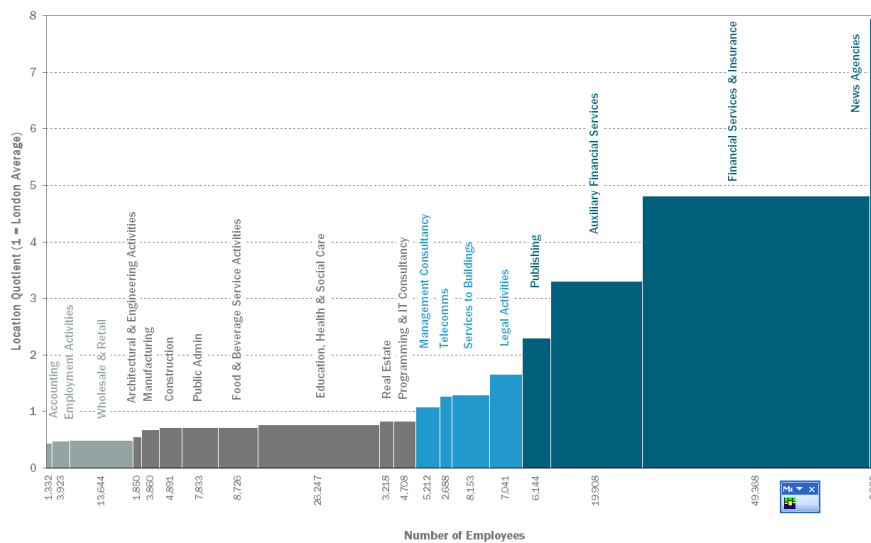
[63] As the paragraph 31, the draft Enterprise Strategy writes that cultural and creative, tourism leisure and retail sectors have potential for significant growth.

58. Almost half (46%) employees in the borough work for very large enterprises (500 employees or more). The large enterprises include financial institutions and other businesses such as accounting, management consultancy and legal firms. 25% of the employees (51,000)[64] work for small businesses (up to 49 employees) (Figure 6).

Figure 6: Employees working in firms
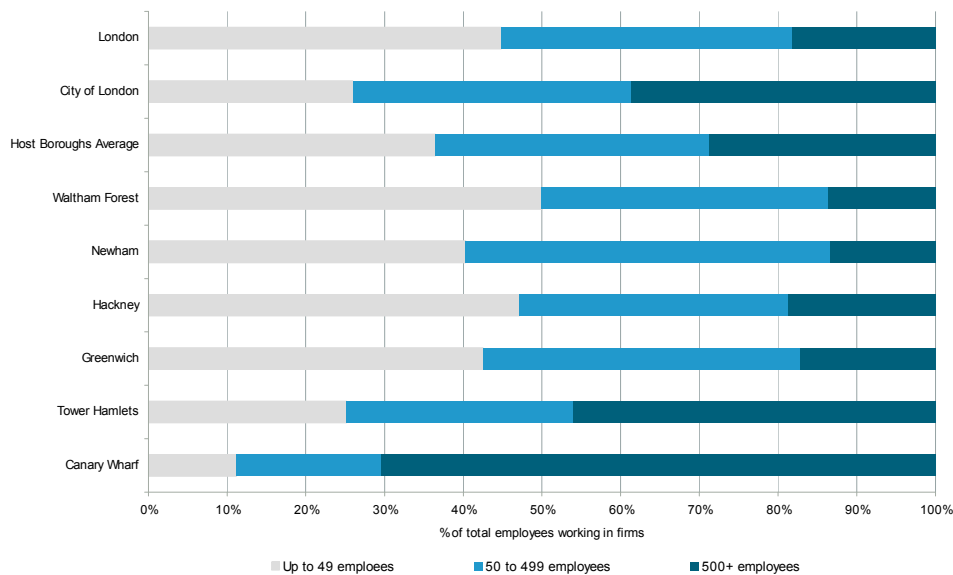
59. Figure 7 shows the business birth rate of the borough is relatively high. It can be interpreted that the borough's environment is relatively favourable for small business start-ups.

Figure 7: Business Births

Table 6.3   Business births per 10,000 population aged 15+, 2004-08

	2004	2005	2006	2007	2008	% change 2004-08
England	61	58	54	59	56	-7.0%
Inner London	118	112	99	112	128	+8.1%
Inner London Borough - median	112	100	88	101	108	-3.7%
Tower Hamlets	**111**	**102**	**93**	**98**	**116**	**+4.1%**
Camden	155	136	128	139	152	-1.8%
Hackney	89	83	81	92	104	+17.0%
Westminster	303	264	244	276	337	+11.2%

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[64] There are 203,900 employees in the borough.

60. The borough draws commuters from a wide range of areas including outside of Greater London. A large proportion of commuters from the borough work in central London, City and Westminster, in particular (Figure 8).

Figure 8: Commuting inflow and outflows
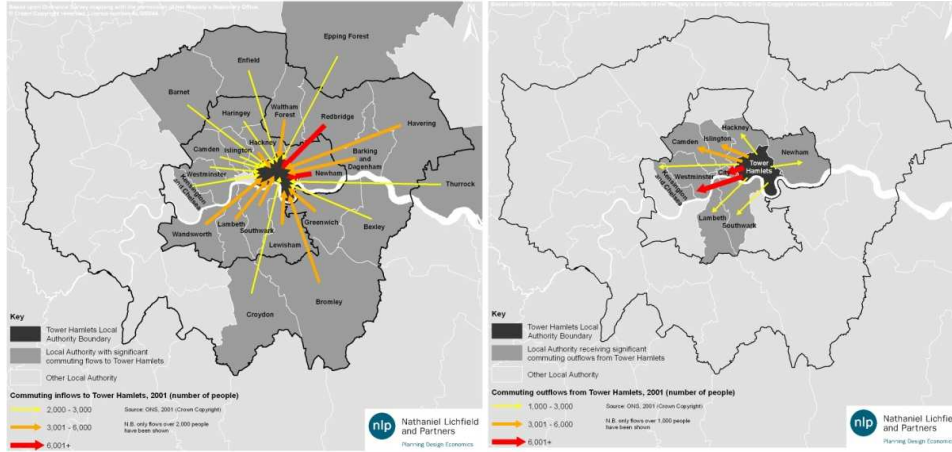
61. The employment in the borough is projected to grow over 24% in 2011-2031 (Figure 9). The working group heard that the current employment demand concentrated at high skilled jobs and that this trend would remain. The group also heard that there was a mismatch between the labour supply and demand in the borough – while there is strong high-skilled employment demand, especially, from financial services (Figure 10), the borough's local labour market has remained lower skilled. This skills gap in the borough is filled with the inflow of labour from outside of the borough.

Figure 9: Change in employment projection, 2011-2031
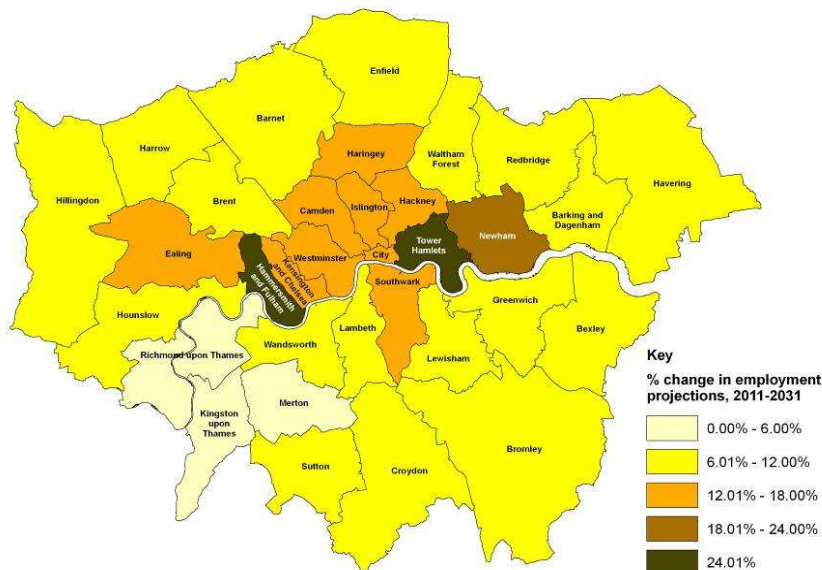
Figure 10: Employment: demand
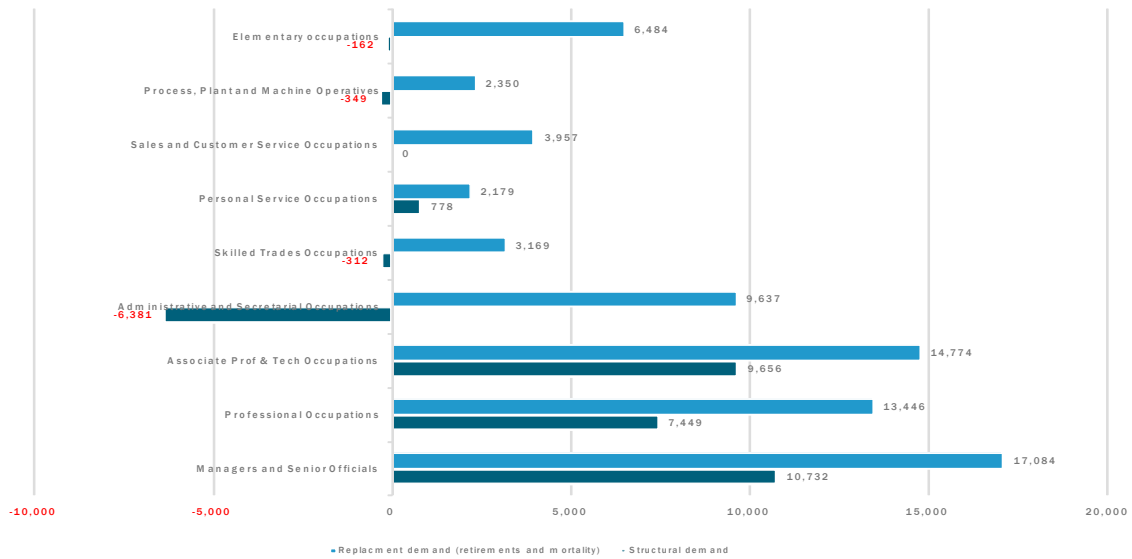
62. Figure 11 shows the high concentration of employment in financial intermediation in the borough, which is a dominant feature of the borough's economy.

Figure 11: Economic characteristics

Figure 3.1   Central, East and Host Borough Comparisons of Employment Structure, 2008
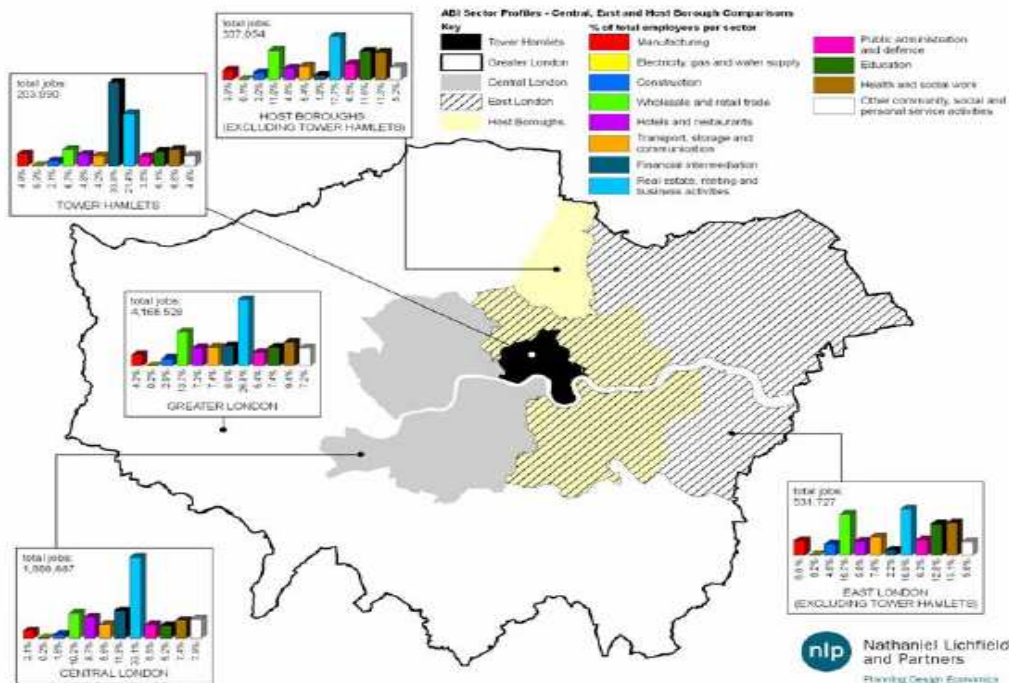
63. The working group heard that due to the high demand for residential accommodation, the cost of land increased substantially, which squeezed SMEs out of the borough. The implication of this trend is still unclear and questions remain. For example, is the number of SMEs decreasing? Is the borough's

environment unfavourable to SMEs? Considering the relatively high business birth rate, does this mean that the turnover of SMEs is high in the borough?

64. The working group noted that the SME economy is dwarfed by the dominant presence of financial institutions in the borough. They commented that percentage points of non-financial sector employment in the borough was considerably smaller than that of the financial sector; however, the non-financial sector employment was still significant and might be larger than other boroughs. The group acknowledged the close connection between financial (predominantly large) and non-financial (presumably SMEs) sectors in the borough's economy. They mentioned that it was necessary to see data about SMEs in the borough.

65. Participants of the public meeting also pointed out the need for better understanding of SMEs in the borough, especially their diversity. It was mentioned that the range of SMEs is very wide (between 0 and 249 employees) and their needs are diverse. For example, the needs of micro-enterprises (5 or fewer employees) are different from enterprises with over 200 employees. BME and women businesses may have specific needs. SMEs operate in a wide range of businesses, such as hospitality and leisure, retail, creative and other high-skilled businesses. It was also stressed that we need to understand different needs between businesses and social enterprises, the majority of which could be categorised as SMEs.

Tower Hamlets Enterprise Strategy, and Council and its partners' support to SMEs

66. Andy Scott, Employment and Enterprise Manager, gave a presentation on the borough's Enterprise Strategy. The development of this strategy is based on evidence collected for the Tower Hamlets Local Economic Assessment (LEA), which was completed in December 2010. Discussions with various stakeholders informed the development of the strategy. Through the strategy, the Council aims to achieve increased economic turnover, more business volume, more local jobs, and more opportunities for social mobility. The strategy will be ready for consultation in May-June 2011. The life of the strategy will be for 5 years. Based on the Strategy, annual action plans will be prepared and a mid-term review is also planned.

67. There are approximately 11,800 businesses in the borough, accommodating 203,900 workplace employees. Between 1998 and 2008, business stock in the borough increased by 27.6% (Figure 12).

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Figure 12: Year on year (%) change in business stock: 1998 to 2008

**Year on Year (%) change in business stock: 1998 to 2008**
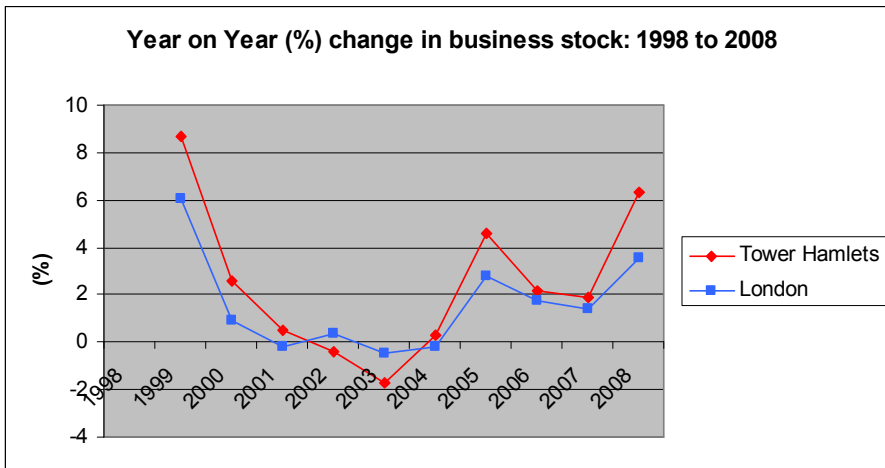
68.95.8% of businesses in Tower Hamlets are micro or small businesses (Figure 13). However, the 1.1% of large and corporate sized firms employ 58.2% of the borough's employees.

Figure 13: Enterprises in Tower Hamlets

Size of enterprises	Ratio in Tower Hamlets (%)
Micro	85.7
Small	10.1
Medium	3.1
Large	1.1

Figure 14 illustrates business size distribution at the ward level.

Figure 14: Business size distribution – Tower Hamlets ward breakdown

Business size distribution: Tower Hamlets ward breakwdown
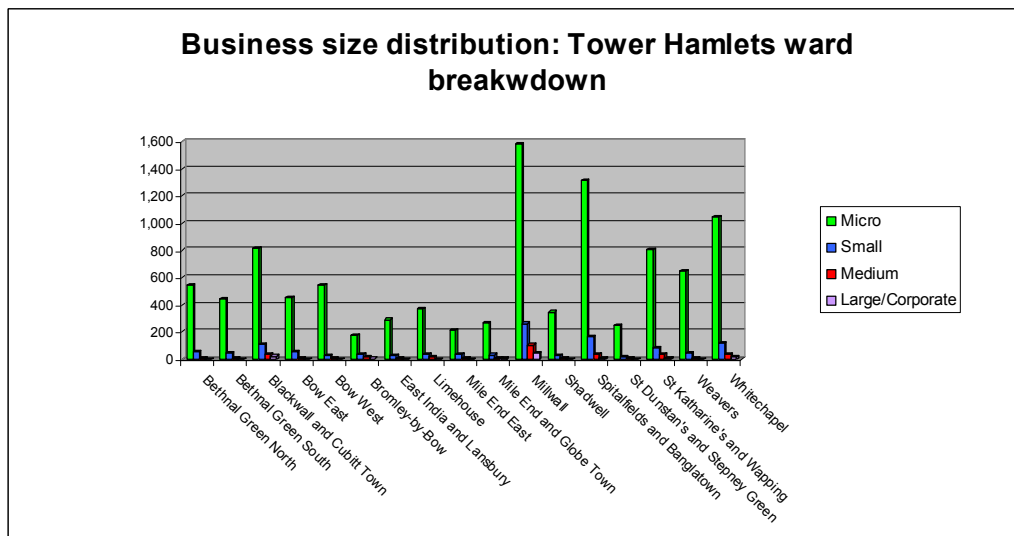
69. The Enterprise Strategy is being developed considering the following key facts: 1) The high business birth rates shows that Tower Hamlets is a place where entrepreneurs can and do succeed in setting up businesses. 2) The borough has the seventh highest business birth rate in London. 3) Business counts in Tower Hamlets are rising alongside steady death rates.

70. The working group heard that the strategy would aim to respond to several key questions as below, in the context of reduced public funding to this sector.[65] It was also noted that the Council and its partners needed to identify 'what they can/cannot do', for example, legally, financially and with their capacity.

   - How can we ensure new micro and small businesses have the means to grow?
   - How can we sustain businesses that have the capacity to expand?
   - What are the key issues that businesses face?
   - How can we ensure that local businesses have access to information and services
   - How can we join up economic spend through supply chains?

The objectives of the Strategy are to:
   - Provide the conditions for successful entrepreneurial activity;
   - Sustain and support established enterprises;
   - Support growth sectors in the context of Tower Hamlets as a central London economy;
   - Use the Council's leadership role for the benefit of the borough's enterprise economy.

71. The strategy regards the enterprise development as a driver for economic change. Stakeholders, including the Council and partners, coordinate each other in delivery and direction of the Strategy to ensure the most impact. It also considers the lack of skills of local population, which may be barriers to self-employment.

72. The annual action plans will aim to encourage business start-ups, support fledgling businesses, support the growth of SMEs and reduce business closures. Action areas are as set out in the table below:

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[65] It was noted that Business Link will be terminated by the end of March 2011.

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Action Area	Items
Support for local businesses:	• Encouraging entrepreneurship through schools, skills and the employment agenda • Identify and utilise flexible workspace • Enhance offers for micro and home-owned businesses
Sustaining and growing our SMEs:	• Provide tailor-made integrated business support which is sector specific • Ensure the availability of comprehensive advice and guidance on accessing business finance
Strengthening the competitiveness of local businesses:	• Enabling and encouraging local procurement • Raise the capacity of local businesses to supply through procurement • Encouraging inward investment
Increasing communication:	• Promote business networking • Enhance access to information for businesses to provide better opportunities for success

73. Huw Morgan-Thomas, Enterprise Manager, outlined in the public meeting that the Council's role was to ensure that local businesses have best support through signposting. The Council provides neither financial nor business support directly. He also pointed out that the Council's services, including environmental and health services, supported local businesses.

74. Public meeting participants stressed that the Council needs to understand the variety of businesses in the borough, especially retail, and food and drink sectors. They presented a strong case for the Council's recognition of retail, food and drink sectors, which contribute to the local economy. The working group noted that a one-size-fits-all approach to supporting SMEs was unlikely to be effective in achieving outcomes. It is important to understand the variety of SMEs and respond to their diverse needs, including the retail and night-time economy. Through the review process, the working group encountered the different needs and expectations between businesses and social enterprises. Since the scope of the Enterprise Strategy include social enterprises as well as businesses, the working group felt that the strategy needed to be aware of the differences of needs and common features between businesses and social enterprises.

Recommendation 1 – That the Employment and Enterprise Team of the Council use the Local Economic Assessment and other sources of information to collate and publish a clear picture of the small and medium-sized business sector in Tower Hamlets, its interdependences with big business and other sectors, and its diversity. This should form part of the Enterprise Strategy.

75. The working group noted that we needed greater understanding of the role, dynamics and reasons of business deaths in the borough, including issues of management, skills, especially lack of skills when the business falls in trouble.

76. Figure 15 shows the transfer of the business death of the borough and other selected boroughs and regions between 2005 and 2009.[66]
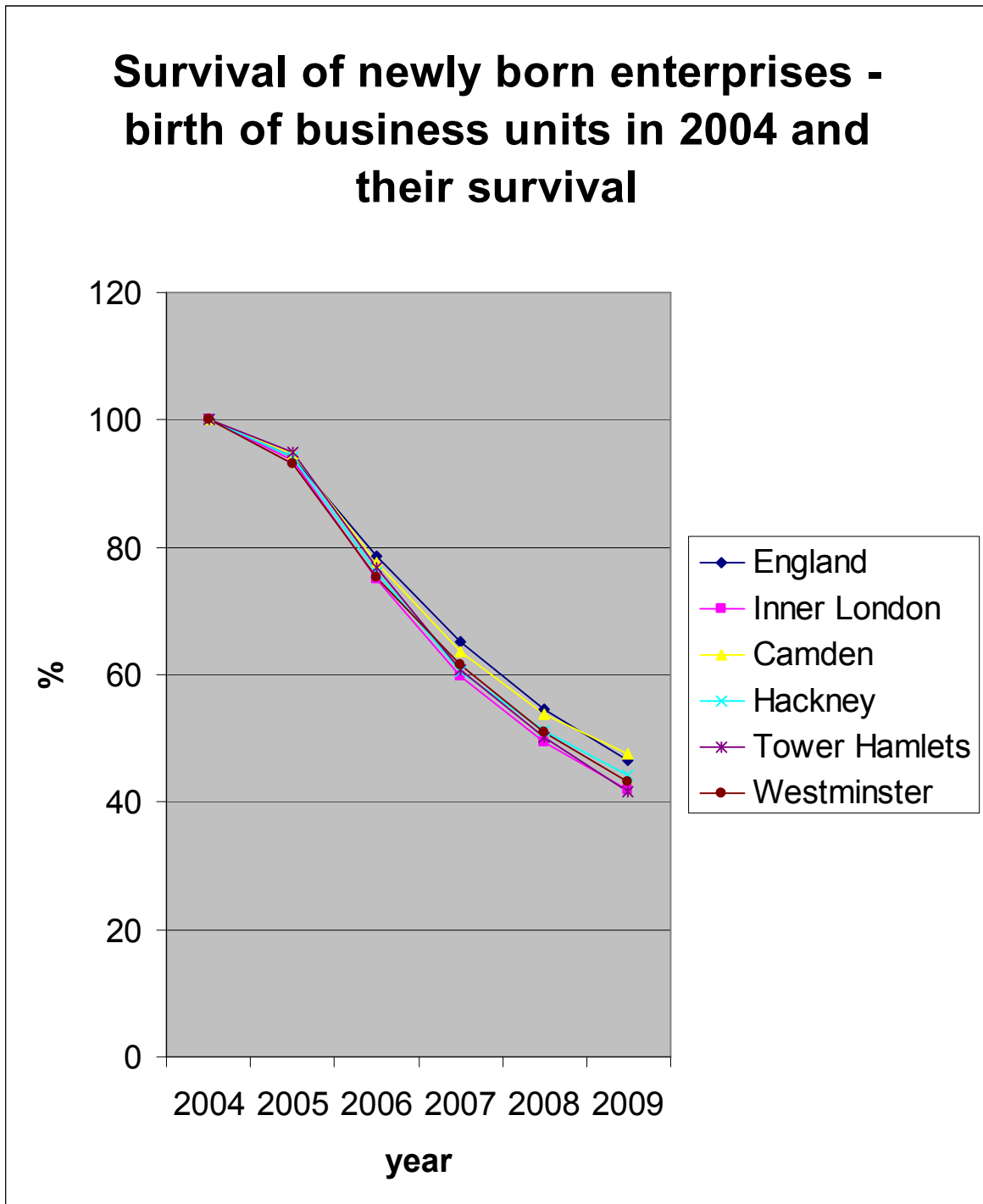
Figure 15: Business death
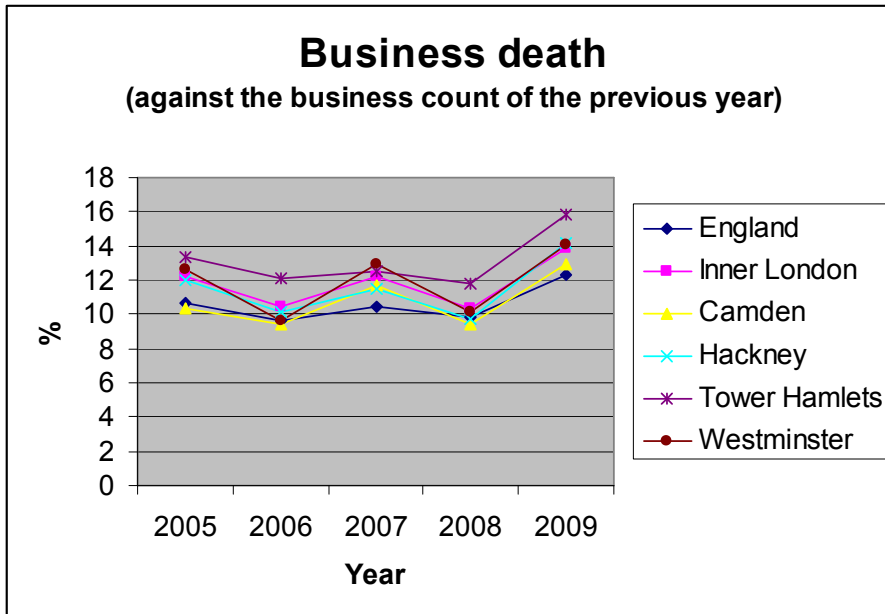
77. Figure 15 illustrates that there is a trend that the borough's business death rate is higher than inner London, and other selected London boroughs. Details of the business death, including type and age of the businesses, are unknown. Reasons for business deaths is unclear.

78. Figure 16 shows the 5-year survival rate for businesses born in 2004. London has the lowest survival date (41.9%) by region in 2009. This graph illustrates the general trend of the survival rate. The trajectory of business survival born in 2004 in the borough was in line with that of inner London.

79. For the borough's economy, it is desired that thriving enterprises hire as many local residents as possible for a long time, which provides stability for local workforce. In this sense, the high business death rate may need to be examined closely. If business death adversely impact on the local population, that needs to be mitigated.

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[66] Based on the data of the Business Demography 2009, the Office for National Statistics.

Figure 16: 5-year survival rate for business born in 2004.

Survival of newly born enterprises - birth of business units in 2004 and their survival

Legend:
- England
- Inner London
- Camden
- Hackney
- Tower Hamlets
- Westminster

Y-axis: % (0 to 120)
X-axis: year (2004, 2005, 2006, 2007, 2008, 2009)

Recommendation 2 – That the Employment and Enterprise Team consider the rate of business death, its impact, and how to encourage support and advice services that can support businesses to continue in the current difficult economic climate.

34

Link between large enterprises and SMEs

80. The most striking feature of the borough's economy is the dominant presence of the large enterprises. The working group highlighted the role of large enterprises in supporting SMEs – linking between large enterprises and SMEs in the borough. The group stressed that cooperation with partners, such as East London Business Alliance, is essential to achieve this.

81. The working group agreed that the Council's main role was to connect SMEs with other organisations and partners, including the health sector and universities. The borough's economy is in a unique position – having Canary Wharf and being adjacent to the City. The group believed that linking between large enterprises and SMEs would bring positive impact on the smaller counterparts. The following options were discussed:

   1) Contract locally – ask large enterprises to source from local businesses;
   2) Professional advice/ mentoring by large enterprises;
   3) Promote lending to SMEs.

82. The working group agreed that the Council could promote large enterprises' sourcing from local businesses. Supply chain has been the focus of business development in east London. East London Business Place tailors supply chain brokerage to businesses' procurement systems. The group had a feeling that such effort needed to be more encouraged to help SMEs further.

83. The importance of promoting Tower Hamlets businesses was also emphasised. The group heard that the City was keen on sourcing from City Fringe, including creative and cultural industry in the area. The promotion of the borough's business may enhance their trade beyond the boundaries.

84. The working group mentioned that SMEs needed expertise.[67] Although some large enterprises have already provided professional mentoring advice for SMEs (for example, accounting and law), it appears that there are more needs of expertise for SMEs. The group noted that matching expertise between large enterprises and SMEs needed to be carefully examined, because some expertise important for large enterprises is not always necessary for SMEs. It was also mentioned that timescale and aim of mentoring needed to be clear prior to the start of mentoring.

85. The working group heard that the banks were reluctant to lend money to SMEs in the borough. In some cases, this is caused by lack of information on the SME's businesses. The group mentioned that the Council and the partners needed to contact banks to support their lending to SMEs in the borough.

86. In the public meeting, a question was raised: Small businesses have difficulties in getting funding from banks and taking out insurance. Is there a possibility that the Council could support small businesses, for example, through providing

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[67] Participants of the public meeting identified 'know-how' as one of SMEs' needs. The contents of know-how include: knowledge on their markets, research, identifying target customers/market, tax management, productivity analysis, management of money flow.

references? Richard Parsons, Service Head Procurement and Corporate Programmes, responded in a report to the working group:

'There would be no objection to providing such support as is reasonable and possible. For example, the Council would be willing to confirm to banks and insurers that a small business has been awarded a contract with the Council, and its estimated value'.[68]

The group suggested that the Council examined the feasibility and effectiveness of this practice in view of implementation.

87. The group agreed that the Council's cooperation with partners was essential to promote the link between large enterprises and SMEs as above. They also agreed that cooperation with organisations such as East London Business Alliance (ELBA) and East London Business Place would be necessary to facilitate the link.

> **Recommendation 3 – That the Employment and Enterprise Team consider how we can broker relationships that benefit SMEs, taking advantage of Canary Wharf and our proximity to the city. The Council should negotiate on areas including supply chain, professional advice, provision of business mentors and access to lending for local businesses. The banks, professional services firms and others based in east London will benefit themselves if they contribute further to the building of strong local communities.**

88. The working group was aware of the agreement on cooperation between the borough and the London Organising Committee of the Olympic and Paralympic Games, signed by the Mayor and the Chair of the committee, Lord Coe on 15 February 2011. The agreement writes, they both 'agree to work together to maximise the opportunities for local SMEs to benefit from the supply chain requirements of London 2012 contracts including hosting a "meet the buyer" event in Tower Hamlets in 2011 for SMEs'. The group mentioned the importance of the role of the Mayor in promoting SMEs in the borough and influencing other organisations including large enterprises.

SMEs' needs and barriers

89. Participants of the public meeting identified SMEs' needs and barriers:

Needs
- Know-how (e.g. knowledge on their markets, research, identifying target customers/market, tax management, productivity analysis, management of money flow)
- Contacts;
- Funding;
- Equipment;
- IT skills;

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[68] See Appendix 1.

- Make businesses aware of opportunities;
- Feedback on failed bids;
- Recognising the needs of night-time economy.

Barriers to SMEs flourishing
- Lack of capacity;
- Lack of business structure;
- Lack of office space;
- Tax payment can interrupt money flow of a business;
- Over-regulation (e.g. cost of parking permits);
- Under-regulation (e.g. illegal trading);
- Lack of understanding of night-time economy by local authorities;
- Lack of (the Council's) consultation with businesses;
- Lack of the Council's response to consultation;
- Lack of communication and partnership.

90. There was discussion that some of the needs/barriers (e.g. IT skills and business structure) were necessary prior to start-up. They also pointed out that lack of know-how of business operators, especially in retail and hospitality, might affect adversely other businesses in the area. Even though there is a good business in a town centre, it is difficult for the business to flourish if it is surrounded by unattractive businesses, because it is unlikely that such a town centre attracts consumers. It was noted that we need a broader approach to tackle this problem. An example is to improve local traders' skills-set as a group, which is seen in Roman Road[69] and Bethnal Green.

91. It was also mentioned that businesses in the borough needed a variety of offers for customers in the borough, responding to the change of demography, especially the influx of wealth into some communities in the borough.

Roles of the Council and partners

Engaging businesses

92. Through the review process, there was a feeling that the Council was not conscious of businesses as a community in the borough and generally lacked communication with them. Participants of the public meeting commented that the Council's responses had taken a long time, in particular, regarding licensing and planning permission. It was also raised that a recent change of the Council's waste management policy did not consult businesses, although it would double their waste disposal cost and reduce their recycling capacity. Another example was a lack of consultation of businesses affected by road works. Usually residents affected by road works are consulted, but affected businesses are not, even though it may block customers' access to a shop, and affect the business. The group suggested that the Council needed to identify the business community as a key stakeholder and engage, consult and communicate with them,

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[69] http://www.romanroad.org/index.php

especially when an action affects them. The group added that to engage businesses the Council could learn lessons from the Healthy Borough Programme, in terms of challenges of partnership working including defining clear target, members' ownership, and sharing achievement.

93. The group suggested that a business forum that exclusively represents businesses' voice might be beneficial for borough-wide business issues. This could include business space, co-ordinating business support, feedback on planning and licensing, change of Council and partners' policies and programmes that may affect businesses (e.g. planned road works and waste management) and regeneration proposals. Tower Hamlets does not have a chamber of commerce solely for the borough.[70] It was also stressed that there was a need for a network that connect existing fora. Such network will enable the involvement of wider businesses. The public meeting participants also suggested the forum focus on exchanging ideas/info and matching business needs.

Recommendation 4 – That the Citizen Engagement Strategy clearly identify the business community as a key stakeholder in the, and effectively engage and consult businesses, especially when a change of a policy and/or programme is introduced.

Recommendation 5 – That the Employment and Enterprise Team facilitate setting up a business forum in Tower Hamlets, to discuss borough-wide business issues, including business space, co-ordinating business support, feedback on planning and licensing, change of Council and partners' policies and programmes, such as planned road works and waste management, or regeneration proposals.

Signposting

94. The Council has provided business related information for local businesses mainly through the Council website.[71] Participants of the public meeting pointed out that there was disproportionately more information on business start-ups in general, compared to other stages. However, there was a need for continuous and coordinated support through the different stages of a business. It was suggested that the Council sort out information for businesses at different stages and make it available to businesses. Participants stated that a directory of business (support) organisations would also be helpful. The Council has made available a business directory, *Business Matters,* on its website and hardcopies are available. This has been well received by users, but needs updating.

95. It was noted that there were many business-supporting organisations, but they were not coordinated. They referred to a possibility that the Council and partners took the initiative to coordinate it. The working group suggested that the Council and partners facilitate the coordination of advice services and sign-post the information.

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[70] Docklands chamber of commerce includes areas beyond the borough.
[71] http://www.towerhamlets.gov.uk/lgnl/business.aspx

96. The working group also suggested that IDEA Stores establish business sections – concentrating all business related books/collection at this section. This will make the libraries business friendly and enable local businesses to consult necessary information quickly. Currently, business related books are categorised under different sections. They also noted that business related contact point (data base/directory of business) at IDEA Stores would be helpful.

> **Recommendation 6 – That the Employment and Enterprise Team review and identify areas of business information support including:**
> **- Ensuring information is widely available through the Council website and other media;**
> **- Coordinating business advice services in the borough and ensuring that it is adequately signposted, and;**
> **- Establishing a business advice section at all IDEA Stores to support businesses in the borough.**

Parking restrictions

97. A number of stakeholders highlighted parking restrictions as a barrier to bringing in businesses and customers to the borough. The Council, through its transport policy, aims to create a cleaner, greener and more attractive borough where it is safe and easy to travel and where the environment is protected for future generations. A Parking and Enforcement Plan is in place to manage and control parking (including the needs of people with disabilities), to support economic regeneration, to reduce congestion, traffic accidents and pollution whilst supporting bus priority measures.[72] The participants were aware of residents and businesses' sometimes conflicting demand in terms of parking. They asked whether the Council could create an innovative solution to satisfy various demands.

> **Recommendation 7 – That the Employment and Enterprise Team work in partnership with the Parking Services to review how parking restrictions affect local businesses, especially in Town Centres to support the borough's economic development, especially in areas where local businesses benefit from trade that comes from outside the borough.**

Planning and Local Town Centres

98. David Williams, Deputy Service Head, Planning and Building Control and Michael Bell, Strategic Planning Manager, made a presentation on planning and local town centres. Planning defines and controls the uses of space, and aims to balance competing demands. Planning could both be obstacles and help for SMEs.

Use Class Order

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[72] 'Tower Hamlets Parking Service: Annual Parking Report (2008-2009)'.

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99. Premises are categorised according to 'class uses' as below. A class uses are generally found in town centres. B class uses are more employment oriented. In general, a planning permission is needed when moving downwards of the same use class (e.g. A1 to A2) and change classes (e.g. from A to B). When changing from lower to upper grades (e.g. A2 to A1), no permission is needed except change from A5 to A4. Town centres have more regulations regarding space use compared to non-town centre areas, because they require more specific space use such as retailing.

Use Class Order

A1	Shops	B1a	Offices
A2	Professional services e.g. banks and estate agents	B1b	Research and development
A3	Restaurants and cafes	B1c	Light industry
A4	Pubs and drinking establishments	B2	Heavy industry
A5	Hot food takeaways	B8	Warehousing and distribution

100.   Major contribution of planning is to raise ambitions of local businesses and residents and to encourage the value of land through regeneration. Planning could contribute to:

- Protecting retail function of town centres;
- Quality of public realm;
- Supporting infrastructure, e.g. public transport;
- Promoting tourism opportunities;
- Preserving and enhancing our historic environment;
- More detailed planning tools to promote SMEs in suitable locations, e.g. development briefs, Masterplans;
- Section 106 funding, town centre initiatives.

101.   However, planning cannot promote/control a particular sector within a use class. For example, planning cannot differentiate between a local shop and a branch of a supermarket in a same A1 category.

102.   It should be noted that the Department for Communities and Local Government released a consultation document, *Relaxation of planning rules for change of use from commercial to residential*, on 8 April 2011. One of the Government's proposed actions is to provide for the change from commercial (B use classes) to residential (C3 use class) without the need to apply for planning permission. This has implications for businesses including SMEs. In areas that have strong residential demand, like this borough, it is likely that more commercial space is turned to residential. This may result in squeezing businesses out of the areas.

Ground floors of residential blocks
103.   The working group heard that there was concern about a lack of suitable office spaces for SMEs. In the public meeting, participants stated that some buildings' ground floors categorised as retail use remained vacant (e.g. Chrisp Street), although small businesses have difficulties in finding office space in the

borough. It was argued that this was because these ground floors were designated as retail space through the planning policy.[73]

104.   The officers explained that some ground floors remain vacant because there was not much incentive for developers to let out the ground floor. Most of the financial gain comes from residential part of the blocks. Developers do not have to commit themselves to let out the ground floor. They are unwilling to take a planning permission to change the use from retail to office.[74]

105.   The working group heard that developers did not seem to understand what is suitable for ground floor space. The group agreed that ideally, no empty space should remain in new buildings in the borough, particularly when businesses would like to use the space. It was suggested that the Council engaged developers and organisations to find out what kind of spaces local businesses needed. A business forum, suggested earlier, may be able to play this role.

106.   The working group also heard that there were some successful SME unit providers in the borough, who know what kinds of units are needed. It was suggested that the Council learn from them.

> **Recommendation 8 – That the Planning and Building Control Service of the Council closely work with developers at all stages of development, including the pre-application stage, for the effective use of space and review vacant premises in housing developments and develop planning guidance to encourage the development of spaces that can be used by light industry or other local businesses, and secure appropriate space for SMEs from new development.**

Infrastructure and businesses

107.   The working group was aware that infrastructure development, such as transport and superfast broadband, would support growth and boost businesses in the area.[75] It is seen that the borough's transport connections are good and Crossrail will enhance them further. Considering the fast-moving technology and society, the working group stressed that the Council needed to continue to lobby for infrastructure development.

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[73] For example, *the Council's Core Strategy 2025: Development Plan Document* (p. 118) writes about Chrisp Street and the area around it, one of priorities is 'to regenerate the existing centre based in and around Chrisp Street into a vibrant, thriving and multi-purpose town centre, with a mix of uses including evening and night-time use and a market'.

[74] In general, town centre premises categorized as shops cannot be changed.

[75] The government also recognizes the importance of the infrastructure in growth. The Plan for Growth (March 2011, p. 13) writes, 'improvements are needed in the infrastructure and systems that support growth. The Government has identified £200 billion of public and private infrastructure planned over the next five years, and the requirement is likely to grow beyond that to provide the power, communications and transport links to underpin a modern, low carbon economy'.

Recommendation 9 – That the Mayor continue to lobby the central government and work with private companies to further develop the borough's infrastructure, including superfast broadband and transport.

The Council's premises and SME accommodation

108.   Toks Osibogun, Head of Valuation and Estates, gave a presentation on the Council's Neighbourhood Shops Policy, and the premises and SME accommodation. The Neighbourhood Shops Policy covers all neighbourhood and local shops, and broader social uses such as doctors and dentists. This policy aims to provide the Council, shop tenants and local people with a clear indication as to what the Council hopes to achieve from retaining these parades.

109.   He mentioned that there was the demand for small business offices with reasonable costs in the borough. The working group heard that the Council rents out 80 premises mostly to shops and community spaces. It was suggested that some of these spaces and/or unused Council properties be let to small businesses. The working group agreed that letting to small business needed to be on a short-term basis. It was also mentioned that letting needed to be through a third party.

Recommendation 10 –   That the Asset Management Team review its letting policy and consider letting Council properties, including currently unused ones, to small businesses on a short-term basis.

110.   The group heard that some boroughs used S106 funding to create small business parks, but there was not adequate space to develop a similar facility in the borough. The Council provides some accommodation for SMEs: the Micro Business Park on Greatorex Street specifically caters for start-up businesses and the St. Georges Town Hall has been occupied by small businesses for a long time. It was said that they were well used by businesses.

111.   The working group stated that although a large business park, like many other boroughs, might be unrealistic in the borough, more micro-scale business parks, possibly using the Council's unused premises, be a possibility. The business park can be equipped with business advice/mentoring function to support small businesses. A directory of business space to let will also be helpful.

Recommendation 11 – That the Planning and Building Control Service, through the Local Development Framework Core Strategy, explore possibilities of establishing micro-scale business parks in the borough.

Procurement

112.   The Council spends almost £400 million each year on goods and services, using about 4,000 different suppliers. The expenditure with local suppliers (based in Tower Hamlets) has increased by approximately £11m (7%) over the

last three years. It is about 34% of the borough's total procurement spend.[76] However, it is not possible to keep accurate records of the amount of business conducted specifically with SMEs and BME (Black and Minority Ethnic) businesses. The Council is currently looking at how we can use R2P (see below) to record this information.

Procurement Strategy
113.   The Corporate Procurement Strategy 2009-2011, agreed by Cabinet in 2009, lays down the Council's priorities and approach for achieving best value for money from our procurement. It explicitly recognises the Council's obligation to local businesses and SMEs. For example:

"We will work with our major suppliers to encourage recruitment from the local community, and to use local businesses in their supply chains."

"Where appropriate, we will make contracting opportunities accessible to local small and medium-sized businesses, ethnic minority-owned businesses and the voluntary sector, and we will work with these organisations to help them to be fit to compete to do business with Tower Hamlets and other similar organisations."

The accompanying action plan states:

"Investigate and implement ways of boosting business with suppliers – particularly SMEs and BMEs – based in the Tower Hamlets area, including working with East London Business Place."

Procurement procedures
114.   The Council's Procurement Procedures, revised in 2009, are to obtain best value for money from procurement expenditure. The procurement activity is largely devolved to the Directorates, and the Procurement Service is responsible for policy and strategy, and overseeing the corporate contract programme. A Competition Board, comprising key Corporate Directors and Service Heads, sets and monitors developments.

115.   The EU rules apply to the entirety of the Council's expenditure, and any policy for supporting local or small businesses must recognise the rights inherent in the EU treaty – i.e. the Council cannot show preference on the basis of geographical location and the size of an organisation. The Council is unable to implement a policy which overtly favours local or small businesses.

Support for SMEs
116.   The Council's support for SMEs and local businesses is as follows:

- An alliance with East London Business Place (ELBP), including joint workshops for suppliers on how to do business with the Council, attendance and presentations at various supplier forums, and posting of all contract opportunities with ELBP;

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[76] Expenditure figures for local businesses: £165 mil (2008/09); £171 mil (2009/10) and; £176 mil (2009/10 estimate).

- An annual "Buy Local" event, with an open invitation to Tower Hamlets, giving the opportunity for local business people to hear about developments in the Council's procurement, and the chance to meet Category Managers and others involved in the procurement process;
- Use of the Council's internal "tollgate" process for all contracts over £250K, which requires contract owners to demonstrate that they have fully considered how to attract SMEs when planning contracts. This includes issues such as packaging contracts into suitably sized "Lots", so that they are not out of the reach of small businesses, to ensuring that the supplier selection does not set unreasonable barriers to entry for small businesses, and the use of sub-contracting opportunities in the supply chain for smaller firms. This is backed up by scrutiny at the Competition Board, which challenges contract owners over various issues, including support for SMEs;
- A requirement for all low-value opportunities (below £25,000) to be sourced exclusively locally, using the CompeteFor site;
- All advertised contract opportunities appear both in East End Life and on the Council's web site;
- New streamlined procurement procedures and a review of tender documentation, which will have reduced red tape, simplified tendering procedures and generally make it easier to do business with the Council.
- The Council's e-procurement solution (R2P) has achieved significant process efficiencies for the Council and its suppliers, and improved the Council's payment performance. It also gives the Council the opportunity to identify SMEs and local suppliers moving forward, so that the Council can target them for attention.

117. In the public meeting, participants asked whether small businesses can form alliances to win procurement contracts collectively, in competition with large corporations. The paper submitted by the procurement service[77] answered:

'There is normally no objection to small businesses forming alliances to compete for work; indeed, in some cases, such as commissioning for Children's Care contracts, this has been positively encouraged'.

118. To another question, 'Is there a possibility for the Council to improve its payment terms for small businesses?' The paper responded:

'The Council introduced R2P during 2010, which has improved our payment performance, with well over 90% of invoices now settled in less than 30 days. At the present time, there is no facility for segregating invoices from SMEs and paying them more promptly. However, R2P has now settled in, and this matter will be reviewed, to assess whether it is feasible to provide improved payment to SMEs'.

119. The working group supported the procurement policy's consideration to equalities and other social objectives in procurement decision making. It was suggested that the Council continue to ensure equalities through procurement.

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[77] Appendix

Recommendation 12 – That the Procurement and Corporate Programmes Service investigate how we better utilise R2P to develop our understanding of SMEs in the borough to fully implement the objectives in the corporate procurement strategy.

120.   This scrutiny review aimed to consider the issue of empowering SMEs in the context of the Council's Enterprise Strategy and identify what support local SMEs receive and make recommendations to help them flourish further in the borough. The working group made recommendations based on collected evidence and stakeholders' views.

121.   Through this review, the group confirmed SMEs' significant contribution to the economy through job creation and the economic growth in the borough. They acknowledged that the environment around SMEs was changing dramatically, including the changing economy and the new government policies, for example, the introduction of the Localism Bill and Enterprise Zones.

122.   Above all, the group noted the dynamic economy and unique business environment in the borough – very large international enterprises and SMEs are located side-by-side. The group stressed that this unique business environment needed to be maximised for SMEs to flourish further and made recommendations to strengthen the link between large enterprises and SMEs in the areas of supply chain, professional advice and lending.

123.   The group found that businesses were often missed out from consultation and engagement and the Council and partners needed to be more aware of business needs and the impact on their policies and programmes. The group also made a recommendation that the Council facilitate setting up a business forum in Tower Hamlets.

124.   The group looked at a range of the Council services and made specific recommendations. The areas of the Council services include signposting, parking restrictions, planning, SME accommodation and procurement. This scrutiny review enabled the Council and partners to look across their services to create a more favourable business environment. The group believes that the recommendations will contribute to the SMEs' future success in the borough and the borough's economic growth. The group also hopes that the review and recommendations will support the development of the Enterprise Strategy.

Appendix 1

Committee/Meeting:	Date of Report:	Classification:	Report No:
Scrutiny Working Group: Empowering SMEs	15 March 2011	Unrestricted	

Report of:	Title:
Richard Parsons, Service Head Procurement and Corporate Programmes Resources Ext 4608	Procurement Support for SMEs **Wards Affected:** All

1. SUMMARY

2. RECOMMENDATION:

The Scrutiny Working Group is asked to:-

- Consider and comment on the contents of this report.

3. BACKGROUND

3.1 The London Borough of Tower Hamlets spends almost £400million each year on a wide range of goods and services, currently using about 4,000 different suppliers. We see procurement as a key driver not only in achieving value for money and making important financial savings, but also in pursuing the Council's broader social aims.

3.2 A new Procurement team was formed in 2008, and a Procurement Strategy was agreed by Cabinet in 2009, encapsulating a programme of improvement initiatives, designed to get the best out of our external expenditure.

3.3 The Procurement Strategy explicitly recognises our obligation to local businesses and SMEs, as expressed by the following statements:

- "We will work with our major suppliers to encourage recruitment from the local community, and to use local businesses in their supply chains."
- "Where appropriate, we will make contracting opportunities accessible to local small and medium-sized businesses, ethnic minority-owned businesses and the voluntary sector, and we will work with these organisations to help them to be fit to compete to do business with Tower Hamlets and other similar organisations."
- "We will operate a mixed economy of high quality providers, and will provide positive support for local Small and Medium-Sized Enterprises (SMEs) and Black & Minority Ethnic (BME) businesses."

- "[We] need to ensure that in the drive for savings and improved value for money, the Council's social objectives – including support for local businesses - are nevertheless promoted through its procurement."
- "We will seek to work closely with suppliers based in Tower Hamlets, and will develop targets for increasing the proportion of our business with local firms."
- "The Council will maximise its options for purchasing from a diverse and competitive range of suppliers including minority businesses, voluntary and community sector groups, small firms and social enterprises."

3.4   The accompanying Action Plan contains the following action:

- "Investigate and implement ways of boosting business with suppliers – particularly SMEs and BMEs – based in the Tower Hamlets area, including working with East London Business Place."

3.5   It can be seen from the above that support for small businesses has been a recognised aim in the recent development of procurement strategies, with the clear emphasis on local suppliers. However, translating the good intentions into practice is sometimes more difficult than it would appear.

4.   PROCUREMENT PROCEDURES

4.1   The Council's Procurement Procedures were revised in 2009, in order to make them more simple and effective. The Procedures are based on the principle of obtaining best value for money from procurement expenditure. They lay down a framework for obtaining quotations and tenders, and complying with UK and EU law.

4.2   Procurement activity is largely devolved to the Directorates, with the Procurement Service having responsibility for policy and strategy, and overseeing the corporate contract programme. A Competition Board, comprising key Corporate Directors and Service Heads sets and monitors developments.

4.3   The mechanism for obtaining and demonstrating value for money is through competition. The Procurement Procedures lay down a series of financial thresholds, against which quotations and tenders must be obtained, starting at contracts less than £5,000 – for which just one written quotation is required – up to high value contracts for which formal processes laid down by the EU must be followed. It should be understood that the EU rules apply to the entirety of the Council's expenditure, and any policy for supporting local or small businesses must recognise the rights inherent in the EU treaty: we cannot show preference on the basis of geographical location; decisions based on the size of an organisation must be demonstrably fair. We are unable therefore to implement a policy which overtly favours local or small businesses. There is, however, much we can do – and have already done - in working with such businesses to open up opportunities.

5. SUPPORT FOR SMEs

5.1 Support for SMEs and local businesses to date has included the following.

- An alliance with East London Business Place (ELBP), a publicly-funded support service for local small businesses, which matches possible suppliers with contracting opportunities. Our work with ELBP involves joint workshops for suppliers on how to do business with the Council, attendance and presentations at various supplier forums, and posting of all contract opportunities with ELBP.
- An annual "Buy Local" event, with an open invitation to Tower Hamlets, giving the opportunity for local business people to hear about developments in the Council's procurement, and the chance to meet Category Managers and others involved in the procurement process.
- Use of our internal "tollgate" process for all contracts over £250K, which requires contract owners to demonstrate that they have fully considered how to attract SMEs when planning contracts. This includes issues such as packaging contracts into suitably sized "Lots", so that they are not out of the reach of small businesses, to ensuring that the supplier selection does not set unreasonable barriers to entry for small businesses, and the use of sub-contracting opportunities in the supply chain for smaller firms. This is backed up by scrutiny at the Competition Board, which challenges contract owners over various issues, including support for SMEs.
- A requirement for all low-value opportunities (below £25,000) to be sourced exclusively locally, using the CompeteFor site. This is an electronic business-to-business site, originally produced for opportunities linked to the 2012 Olympics, but subsequently rolled out to other public sector bodies. The Council uses CompeteFor as its standard medium for obtaining competitive quotations.
- All advertised contract opportunities appear both in East End Life and on the Council's web site.
- New streamlined procurement procedures and a review of tender documentation, which will has reduced red tape, simplified tendering procedures and generally made it easier to do business with the Council.
- Our e-procurement solution, known as R2P, has achieved significant process efficiencies for the Council and our suppliers, and improved our payment performance. It also gives us the opportunity to identify SMEs and local suppliers moving forward, so that we can target them for attention.

6. CONSTRAINTS

6.1 A significant constraint to developing policies for working with smaller and local suppliers is the EU Procurement Directive. This requires public advertisement of all higher value contracts, and requires contracting decisions to be taken on the basis of "Most Economically Advantageous Tender". It is therefore not normally possible, for example, to exclude larger suppliers, or to restrict business to local businesses. Although the legislation relates specifically to contracts over specified financial thresholds, case law has established that the principles of the EU treaty apply across the whole of the

Appendix 1

expenditure, and place restrictions upon our ability to favour SMEs in pur procurement.

6.2 However, we have worked hard to provide support for SMEs and local businesses, as detailed in paragraph 5.1 above. Our approach has largely been based upon providing access to opportunities, rather than seeking to provide preferential treatment. The exception to this is the requirement for all low value opportunities to be ring-fenced to local firms.

6.3 A further difficulty over the last year has been pressure upon the Procurement Service. We have suffered from absences in the two key senior posts responsible for development of procurement policy in respect of SMEs: I personally have suffered a lengthy absence since May 2010, due to surgery and treatment for throat cancer, and have still not resumed full duties; the post of Senior Procurement Manager (Development) has been vacant since last summer. These absences have meant that further policy development has been limited, and the focus has been on maintaining existing initiatives: building the links with ELBP, attendance at workshops etc.

6.4 The devolved nature of the Council's procurement means the measures we have put in place are implemented by practitioners across the Council. Although consultation takes place on all of the policies before they are agreed, the practical execution does sometimes present difficulties, which require resolution as a joint effort between the Procurement Service and the practitioners in the Directorates. The problems with resources in Procurement have meant that it has not been possible to follow up on some of the newer initiatives. For example, whilst Competition Board has agreed a policy that all quotations under £25,000 should be restricted to local suppliers,we have not yet been able to gauge the success of this measure.

7. **SPECIFIC QUESTIONS**

7.1 A number of specific questions were raised at a public meeting of the Scrutiny Working Group, and these are addressed below.

7.1.1 Can small businesses form alliances to win procurement contracts collectively, in competition with large corporations?

There is normally no objection to small businesses forming alliances to compete for work; indeed, in some cases, such as commissioning for Children's Care contracts, this has been positively encouraged.

7.1.2 Is there a possibility for the Council to improve its payment terms for small businesses?

The Council introduced R2P during 2010, which has improved our payment performance, with well over 90% of invoices now settled in less than 30 days. At the present time, there is no facility for segregating invoices from SMEs and paying them more promptly.

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However, R2P has now settled in, and this matter will be reviewed, to assess whether it is feasible to provide improved payment to SMEs.

7.1.3 Small businesses have difficulties funding from banks and insurance. Is there a possibility that the Council could support small businesses, for example, through providing references?

There would be no objection to providing such support as is reasonable and possible. For example, the Council would be willing to confirm to banks and insurers that a small business has been awarded a contract with the Council, and its estimated value.

8.   OUTCOMES

8.1   We keep records of the value of business placed with local businesses. Unfortunately, at present, it is not possible to keep accurate records of the amount of business conducted specifically with SMEs and BMEs, although we are currently looking at how we can use R2P to record this information.

8.2   Expenditure figures for local businesses for the last two years are shown below. Note that the 2010/11 figures relate to a part year only, from April 2010 to end of February 2011. In this context "local" means businesses based in Tower Hamlets.

2008/09   £165m
2009/10   £171m
2010/11   £176m*

*Anticipated full year spend, based on part-year (10-month) figures.

8.4   This indicates that the expenditure with local suppliers has increased by approximately £11m, or 7% over the last three years. The current figure represents approximately 34% of total procurement spend. Whilst this is a substantial and valuable part of the total expenditure portfolio, it is intended that there will be a renewed focus on how we can support local small businesses moving forward.

9.   RECOMMENDATION:

9.1   The Scrutiny Working Group is asked to:-

- Consider and comment on the contents of this report.

REPORT ENDS

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