

BEST VALUE PROGRAMME REVIEW BOARD QUARTERLY MEETING

Tuesday, 24 January 2017 at 6.00 p.m.

Room MP702, 7th Floor, Town Hall, Mulberry Place, London, E14 2BG

This meeting is open to the public to attend.

Members:

Mayor John Biggs

Aisling Lyon

(Local Intervention and Europe Local
Government Policy, Department for
Communities and Local Government)

Alex Powell

(Deputy Director, Audit, Intervention &
Improvement, Department of Communities and
Local Government)

Sir Ken Knight

(Commissioner)

Max Caller

(Commissioner)

Chris Allison

(Commissioner)

Alan Wood

(Commissioner)

Will Tuckley

(Chief Executive)

Contact for further enquiries:

Matthew Mannion, Democratic Services

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LONDON BOROUGH OF TOWER HAMLETS
BEST VALUE PROGRAMME REVIEW BOARD QUARTERLY MEETING
TUESDAY, 24 JANUARY 2017

6.00 p.m.

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

**2. DECLARATIONS OF DISCLOSABLE
PECUNIARY INTERESTS**

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 Monitoring
Officer.

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3. UNRESTRICTED MINUTES

To confirm as a correct record of the proceedings the
unrestricted minutes of the Best Value Review Board
Quarterly Meeting held on 19 October 2016.

5 - 12

4. REPORTS FOR CONSIDERATION

4.1 Best Value Plan Update

13 - 24

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Agenda Item 2

DECLARATIONS OF INTERESTS - NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Members' Code of Conduct at Part 5.1 of the Council's Constitution.

Please note that the question of whether a Member has an interest in any matter, and whether or not that interest is a Disclosable Pecuniary Interest, is for that Member to decide. Advice is available from officers as listed below but they cannot make the decision for the Member. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending a meeting.

Interests and Disclosable Pecuniary Interests (DPIs)

You have an interest in any business of the authority where that business relates to or is likely to affect any of the persons, bodies or matters listed in section 4.1 (a) of the Code of Conduct; and might reasonably be regarded as affecting the well-being or financial position of yourself, a member of your family or a person with whom you have a close association, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected.

You must notify the Monitoring Officer in writing of any such interest, for inclusion in the Register of Members' Interests which is available for public inspection and on the Council's Website.

Once you have recorded an interest in the Register, you are not then required to declare that interest at each meeting where the business is discussed, unless the interest is a Disclosable Pecuniary Interest (DPI).

A DPI is defined in Regulations as a pecuniary interest of any of the descriptions listed at **Appendix A** overleaf. Please note that a Member's DPIs include his/her own relevant interests and also those of his/her spouse or civil partner; or a person with whom the Member is living as husband and wife; or a person with whom the Member is living as if they were civil partners; if the Member is aware that that other person has the interest.

Effect of a Disclosable Pecuniary Interest on participation at meetings

Where you have a DPI in any business of the Council you must, unless you have obtained a dispensation from the authority's Monitoring Officer following consideration by the Dispensations Sub-Committee of the Standards Advisory Committee:-

- not seek to improperly influence a decision about that business; and
- not exercise executive functions in relation to that business.

If you are present at a meeting where that business is discussed, you must:-

- Disclose to the meeting the existence and nature of the interest at the start of the meeting or when the interest becomes apparent, if later; and
- Leave the room (including any public viewing area) for the duration of consideration and decision on the item and not seek to influence the debate or decision

When declaring a DPI, Members should specify the nature of the interest and the agenda item to which the interest relates. This procedure is designed to assist the public's understanding of the meeting and to enable a full record to be made in the minutes of the meeting.

Where you have a DPI in any business of the authority which is not included in the Member's register of interests and you attend a meeting of the authority at which the business is considered, in addition to disclosing the interest to that meeting, you must also within 28 days notify the Monitoring Officer of the interest for inclusion in the Register.

Further advice

For further advice please contact:-

- Graham White, Acting Corporate Director and Monitoring Officer, Governance, 020 7364 4800

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the Member's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

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LONDON BOROUGH OF TOWER HAMLETS

**MINUTES OF THE BEST VALUE PROGRAMME REVIEW BOARD QUARTERLY
MEETING**

HELD AT 6.00 P.M. ON WEDNESDAY, 19 OCTOBER 2016

Members Present:

Councillor Rachael Saunders (In the Chair)	Deputy Mayor and Cabinet Member for Education & Children's Services
Aisling Lyon (Member)	(Local Intervention and Europe Local Government Policy, Department for Communities and Local Government)
Alex Powell (Member)	(Deputy Director, Audit, Intervention & Improvement, Department of Communities and Local Government)
Sir Ken Knight (Member)	(Commissioner)
Max Caller (Member)	(Commissioner)
Chris Allison (Member)	(Commissioner)
Alan Wood (Member)	(Commissioner)
Will Tuckley (Member)	(Chief Executive)

Other Councillors Present:

Councillor David Edgar	(Cabinet Member for Resources)
Councillor Peter Golds	(Leader of the Conservative Group)
Councillor Sabina Akhtar	
Councillor Danny Hassell	

Officers Present:

Nadir Ahmed	– (Business Support Manager, Development and Renewal)
Aman Dalvi	– (Corporate Director, Place)
Sharon Godman	– (Divisional Director Strategy Policy and Equality)
Afazul Hoque	– Interim Service Manager, Strategy, Policy & Performance
Ann Sutcliffe	– (Divisional Director, Property & Major Programmes)
Stuart Young	– (Interim Divisional Director, HR & Transformation)
Graham White	– (Interim Corporate Director, Governance)

Denise Radley	–	(Corporate Director of Health, Adults & Community)
Zena Cooke	–	(Corporate Director, Resources)
Antonella Burgio	–	(Democratic Services)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Board Members; Mayor Biggs and Alan Wood.

Apologies for absence were also noted from the following invited persons: Councillors Rachel Blake, Amy Whitelock Gibbs and Oliur Rahman.

An apology for lateness was made on behalf of Councillor Danny Hassel.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

No declarations of disclosable pecuniary interests were made.

3. UNRESTRICTED MINUTES

The minutes of the meeting held on 12 July 2016 were approved as a correct record of proceedings.

4. REPORTS FOR CONSIDERATION

4.1 Property Spotlight

Aman Dalvi, Corporate Director, Development & Renewal gave a presentation outlining progress on the action plan in regard to the property directions. Following this Ann Sutcliffe, Service Head Corporate Property and Capital Delivery, gave a presentation on progress on the Civic Centre project. The following matters were reported:

- Community buildings
 - Arrangements around the use of community buildings had been regularised in accordance with the report made to Cabinet on 1 December 2016.
 - An implementation plan had been drawn up and agreed by Commissioners
 - Community Hubs would operate under a licence arrangement
- Asset Rental Account.
 - This arrangement aimed to increase the utilisation of all council buildings and drive down costs
 - Regularise arrangements for use council properties by other organisations
 - A draft policy was under consultation with Commissioners

- Civic Centre
The purpose was
 - To consolidate property assets and deliver savings.
 - To act as a civic hub and enable the council to adopt an outward community focus with flexible working
 - To restore a historic building and act a part of an area regeneration plan.

The presentation received support from Board Members and invited parties and the following were noted:

Property:

- Progress made since the receipt of the Secretary of State's directions and the work remaining to be completed.
- Proposals to be presented at Cabinet would make easy an open process to enable council buildings to be better used and better support offered to the organisations using them.
- The work undertaken was large, involving substantial consultation and in future would put all those using council assets on an equal footing.
- The first phase of the asset rental arrangements expires after the termination date of the Secretary of State's directions; this did not present any issues as long as the Council was able to provide evidence of detailed arrangements to ensure that the process was made active as expected.
- The Asset Rental Account was the first element of a proper property policy framework and Commissioners looked forward to evidencing written framework details.
- Proposals around property had been considered by the Mayor and Cabinet members. These were ready to be taken forward via an open and transparent framework.

In discussing the presentation, the following information was given:

- Commissioners commended the progress made and noted that a longer time had been taken to achieve this progress due to denial of issues under the previous administration.
- Some community buildings while receiving a Council subsidy charged the Council excessive fees for the use of premises for councillor surgeries. The Chief Executive advised that use of premises for councillor surgeries was being reviewed and practices regularised.
- DRA was accessible to organisations that fulfilled pre-set criteria. Commissioners noted that to qualify for DRA, the activity provided must benefit the community in which it is delivered.
- The Chief Executive confirmed that the rigorous work will be undertaken to fulfil the directions in regard to property to establish an open and fair framework going forward from Commissioners' departure. This framework would be adopted Council-wide.

Civic Centre

Ann Sutcliffe, Service Head Corporate Property and Capital Delivery informed the Board:

- Delivery of the new Civic Centre was part of a wider project to regenerate the Whitechapel area.
- Council services would be rationalised to two locations, the new Civic Centre site and John Onslow House.
- The Civic Centre Project Team:
 - Will work with Historic England to ensure that the historicity of the old Royal London Hospital building will be retained and the new council facilities delivered.
 - Is structured into work streams to deliver all elements of the project scope.
- It was expected that the Council would need to remain in Mulberry Place one year after the expiry of the lease.

In discussing the presentation, the following information was given:

- Headline cost savings were £77M; these had been reported to Cabinet at its meeting in November 2015. To move ahead the Council would need to decide if it wished to include Partners.
- The Council's Conservation Team had met with Historic England to identify historic features of the Civic Centre building to determine what should be preserved and what may be re-purposed. For financial reasons officers, would seek to identify as many features of historical worth as possible before works begin.
 - Commissioners noted that there must be clear Member/political oversight of the project:
 - to guard against risk. Members should oversee the risk register to ensure that project control was maintained. They were informed that there was a Cross-Party Working Group whose tasks included risk oversight. This body was well attended.
 - When considering detailed design to ensure that opportunities for cultural change were not missed and a suitable venue for meetings delivered. Members acknowledged that buildings influenced culture and therefore it was intended that the premises would be more of a local presence to connect the Council to the people of the borough.
- Mulberry Place building was the only leased premises that would be released under the project, other premises were Council owned.
- It was not yet known whether Whitechapel Ideas Store would be incorporated into the Civic Centre
- The Chief Executive noted that he was targeted to deliver the Civic Centre on time and on budget. Although the original business case did not include co-occupancy, the Council was now looking at ways to have a presence with Partners and new community facings. This element overlaps with the organisational design project.

The Chair thanked officers for the understanding of the journey that needs to be taken to achieve the Council's aims that the presentation had provided.

RESOLVED

1. That the presentation and the matters discussed be noted.
2. That actions agreed resulting from the discussion be noted.

4.2 Organisational Spotlight

Will Tuckley, Chief Executive gave a presentation which outlined the aims and themes of the Organisational Design project. The Board was informed:

- There were four themes:
 - Governance Review Working Group – SoS directions, transparency and public engagement, streamline processes and procedures.
 - Organisational Transformation – Roadshows for engagement around the workforce strategy, consultation, restructure transformation projects, enabling projects
 - Relationships – review conduct of Council meetings, update codes of conduct, Member training programme.
 - Delegation of Powers – delegations to proper officers recently approved by Full Council.

In discussing the presentation, the following information was given:

- The Board welcomed that full delegations had been conferred on the Chief Executive
- Organisational design was not a part of the Secretary of States directions but was fundamental to the proper function of the Council.
- Commissioners noted that
- To ensure that the council was run properly and that the community could see democracy in action,
 - It was important that Members and staff understood their respective roles. Therefore the Governance Review Working Group must establish the appropriate framework
 - The elected mayor model of governance did not confer universal power on the elected mayor.
 - It was important to recognise that not all Members are able to chair meetings effectively, therefore it was important to appoint chairs according to ability not seniority.
 - To deliver cultural change it was necessary to consider how meetings can be timetabled and how the administration could/should be held to account.
- Members expressed their concerns around inappropriate member behaviour at Council meetings in relation to
 - Diversity/equalities
 - Declarations
 - Clear understanding of Member/officer roles

- The powers of the Mayor and of Committees
- Conveying an uncomplimentary image of the Council
- Failure of the elected members of the Independent Group to engage

The Chief Executive acknowledged that

- Although there had been some moments of unity, Member conduct at Council meetings did not on the whole convey a positive image. Some actions could be taken by officers such as note to members to remind them of the conduct expected or a change to the Constitution however these could guarantee a change of behaviour as participants themselves had to determine how the meeting will be conducted. The Governance Review Working Group could help towards addressing the issues raised by enabling members to reconsider how the Council conducts its business.
- Hitherto there had been a deficit in managerial leadership in the organisation; this could be improved by members and officer having a better understanding of their respective roles and responsibilities. To this end work has been done with SOLACE which will ensure continued progress in this area.

RESOLVED

1. That the presentation and the matters discussed be noted.
2. That actions agreed resulting from the discussion be noted.

4.3 Best Value Plan Update

The Board considered the update on the Best Value Action Plan arising from the Secretary of State's directions which included the six-month update to the Secretary sent in September 2016 and a response from the Commissioners.

The Board noted:

- Commissioners' advice that the update provided an exchange of views between the Secretary of State and the Executive Mayor. To achieve removal of directions the Secretary required clear evidence of the fulfilment of each direction. Members were encouraged to ask Commissioners what would be the next steps required by the Secretary in order to achieve this goal
- Commissioners comment that progress towards the completion of all directions could have been equal to that achieved in regard to procurement had the same approach been taken towards all of the directions issued by the Secretary.

Procurement

- Commissioners were satisfied with activities in this area and considered that the Council's external auditors could, in future, monitor procurement standing orders and action plans.

Grants

- Progress was being made toward an understanding in the community of how grants will be delivered.
- Commissioners noted
 - That grant making formed a significant part of the directions and commended the approach to deliver grants through a transparent process.
 - A submission has been made to the Secretary of State on how decisions around grants might be made by the Mayor with oversight by Commissioners and a response is awaited. Councillor Saunders welcomed the opportunity that this proposal would afford the Council to test grant making procedures.

Communications

- Actions delivered in this area were:
 - The weekly council publication had been terminated and a new compliant quarterly publication circulated
 - Public notices were now published in the local press
 - A pluralistic approach to engagement had been adopted via use of diverse media
- Commissioners noted:
 - That the business plan had been delivered but the challenges of implementation had yet to be met.
 - There needed to be evidence of implementation for example how the Council plans to publish its public notices

Property

It was noted that this had been discussed at agenda item 4.1.

Organisational Culture

It was noted that this had been discussed at agenda item 4.2.

Commissioners were pleased to note that a new whistleblowing policy had been launched which addressed concerns about reporting.

Elections

The Board noted Commissioners' comments, on progress made and issues addressed, at Annex B and their recommendation to the Secretary of State that the directions be removed.

Mr Powell, on behalf of the Secretary advised that an answer would be given in November.

RESOLVED

1. That the update and the matters discussed be noted.
2. That actions agreed resulting from the discussion be noted.

4.4 Forward Plan

Afazul Hoque, Interim Service Manager, Strategy, Policy & Performance introduced the report and invited the Board to consider what additional matters should be included in the plan.

Commissioner Caller asked the members and officers to consider what matters/actions remained outstanding and timescales for these to be brought forward.

The Chief Executive advised that the once the Council had received the views of the Secretary of State, the plan would be examined and updated giving appropriate priority to the matters that remain to be taken forward.

RESOLVED

1. That the plan be noted.
2. That actions agreed noted.

5. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

Nil items.

The meeting ended at 7.40 p.m.

In the Chair, Councillor Rachel Saunders
Best Value Programme Review Board Quarterly Meeting

Best Value Programme Board

TITLE	SERVICE	ITEM NO	Date
Best Value Plan Update	Sharon Godman, Divisional Director, Strategy, Policy, Equalities and Partnership		23 rd January 2017

1. **INTRODUCTION**

- 1.1 This report provides an update on the progress in implementing the outstanding actions from the Council's Best Value Action Plans which respond to the Secretary of State's Directions. The final Best Value Action Plan will be submitted to the Secretary of State on 17th March 2017.

2. **FOR THE BOARD TO CONSIDER**

The Board is asked to:

1. Note the 'minded to letter' from the Secretary of State on the Council's third submission (Appendix 1) and the Mayor's response to this (Appendix 2);
2. Note and comment on the progress in completing outstanding activities in the Best Value Action Plan as discussed through the workshops held on 6th December 2016 and 17th January 2017.

3. **BACKGROUND**

- 3.1 The Council's third six monthly update to the Secretary of State was submitted on 19th September 2016. This noted overall progress against the six areas as detailed below:

Grants	Procurement	Comms	Property	Org Culture	Elections
100%	100%	97%	92%	93%	100%

- 3.2 The Mayor's covering letter highlighted the Council's considerable progress made in addressing both the specific failings identified by the Best Value Inspection and the organisational culture that allowed them to happen.
- 3.3 Both the Council's submission to the Secretary of State and the Commissioners response to the Mayor were considered by the Best Value Board at their meeting in October 2016. Since then the Secretary of State has provided an initial response to the Council's submission which is attached as Appendix 1. The response notes the progress made by the Council and based on the recommendations from the Commissioners the

Secretary of State was minded to revise the December 2014 Directions. This included handing back power for decision making on grants, revoking the procurement direction, acknowledging the successful delivery of two major elections and reducing the Commissioner Team.

- 3.4 The Mayor submitted a response to the Secretary of State on 15th December 2016, which is attached as Appendix 2. In his letter the Mayor welcomed the decision to revoke the procurement Direction and expressed the hope that, based on work completed on grants and elections, and in particular the successful delivery of the recent by-election, the Secretary of State will consider removing the Directions in these areas. The Council is currently waiting on a response to these issues from the Secretary of State.
- 3.5 A workshop involving the Commissioners and relevant officers was also held on 6th December 2016 to develop a collective understanding of what needed to be achieved over the coming months to complete the remaining actions and resolve outstanding issues in the Best Value Action Plan. This was welcomed by the Commissioners and has provided a clear steer on the outstanding issues that need to be addressed. The Council is working closely with the Commissioners to ensure these issues can be resolved by March 2017.
- 3.6 A second workshop has been organised for 17th January 2017 where the outstanding actions will be further discussed with the Commissioners. A summary of the areas of focus and activities that will be delivered by March 2017 is provided in the table below:

Area of Focus	Activities	Deadline
Statutory Monitoring Officer	Agree process for appointment of Statutory Monitoring Officer	January 2017
Communications	Communication Strategy & Action Plan	January 2017
Property	Action Plan for Community Buildings Policy	January 2017
	Action Plan for Asset Rental Account	January 2017
	Property portfolio validation of occupancy	On-going
Grants	Implement new grants decision making process	January 2017
Organisational	Clear up Team work completed	March 2017

Culture	Governance Review Working Group leading on governance issues	March 2017
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3.7 The response from the Secretary of State on the Council’s third submission is expected imminently, and may be available at the Best Value Board meeting. The response will help develop the future work programme of the Best Value Board and provide further guidance on work the Council needs to complete to fully comply with all Directions. The Council is currently undertaking the Annual Residents Survey 2017 and the results from the Staff Survey are expected soon. Alongside these a review of Partnership arrangements is being undertaken. These three workstreams will all help the Council to better understand the views of local people, our partners and staff about the progress the Council has made and to identify areas where we need to continue improving.

4. **COMMENTS OF THE CHIEF FINANCE OFFICER**

4.1 The Best Value Action Plan is a priority for the Council, and requisite resources have been identified within the budget in order to deliver the outcomes.

5. **LEGAL COMMENTS**

5.1 The Council is a best value authority within the meaning of Part 1 of the Local Government Act 1999. As a best value authority, the Council has an obligation 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 best value duty).

5.2 Where the Secretary of State is satisfied that an authority is not meeting its best value duty, the Secretary of State may: (1) direct the authority to take action to bring itself into compliance with that duty; (2) direct that specified functions be carried out by the Secretary of State or a nominee and that the authority follow the Secretary of State’s instructions and provide such assistance as may be required (Local Government Act 1999). In accordance with this power the Secretary of State gave directions to the Council on 17 December 2014, 29 April 2015 and 6 May 2015.

5.3 The directions are enforceable by the Secretary of State, who may seek an order in the High Court requiring the Council to remedy any

breach. In the circumstances, it is appropriate for the Council to take steps to comply with the directions and to monitor its compliance with the directions.

- 5.4 When taking action in response to the directions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). Compliance with this duty has been a feature, to the extent relevant, of the Council's action in response to the directions.

Appendix 1 Letter from Secretary of State
Appendix 2 Letter from Mayor John Biggs



Department for
Communities and
Local Government

2 December 2016

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

Dear Mayor Biggs

LONDON BOROUGH OF TOWER HAMLETS – PROPOSED FURTHER DIRECTIONS

The Commissioners in Tower Hamlets wrote to the Secretary of State on 11 October 2016 in response to your third six monthly report, received on 20 September, on progress against the Council's Best Value Strategy and Action Plan as required by the Directions issued to the Council on 17 December 2014. In their letter the Commissioners recommended that, based on the progress that has been made by the Council, the Secretary of State may wish to consider revising the 17 December 2014 Directions. The Commissioners also advised, in recognition of progress made, that the Commissioner team now be reduced from four to three. I am now writing to invite your Authority, if it wishes, to make to the Secretary of State representations about proposed additional Directions.

The Secretary of State has carefully considered the Council's latest progress report and other relevant information referred to in the attached Annex. He is satisfied, on the basis of the evidence set out therein, that your Authority is able to exercise functions in relation to the making of grants under any statutory power or duty (paragraphs 1 and 2 of Annex B to the 17 December 2014 Directions), in compliance with the requirements of Part 1 of the Local Government Act 1999 ("the 1999 Act"), namely to comply with the best value duty. The Secretary of State considers that the Authority's exercise of these functions should however be subject to oversight arrangements to enable the Commissioners to advise and scrutinise the Authority and ensure its compliance with the best value duty. On that basis he is considering exercising his powers under the 1999 Act to return these functions to your Authority to exercise.

Alex Powell
Deputy Director – Intervention and Accountability
Department for Communities and Local
Government
2nd Floor North East Corner Fry Building
2 Marsham Street
London SW1P 4DF

E-mail: alex.powell@communities.gsi.gov.uk

In addition, the Secretary of State is satisfied that that the processes and practices your Authority adopts for entering into contracts, including how it implements its written procurement policies and procedures, are now in compliance with the best value duty. On that basis he is considering revoking the Direction issued to your Authority on 17 December 2014 (paragraph 7 of Annex A).

The Secretary of State acknowledges that the Authority has made significant progress with improving the conduct of elections in the Borough. The appointment of new Chief Executive Officer Mr Will Tuckley as the Council's Returning Officer has strengthened election management structures, and both the GLA Elections and the EU Referendum were delivered successfully this year. However, in light of the by-election for Whitechapel ward on 1 December, the Secretary of State is currently not minded to return functions in relation to the appointment of persons to and the removal of persons from the statutory offices of Electoral Registration Officer and Returning Officer for Local Elections (paragraphs 3 and 4 of Annex B to the 17 December 2014 Directions) to the Council until such time as he is able to appraise the administration and conduct of this by-election. The Secretary of State looks forward to receiving an update from the Council on this by-election in its next scheduled progress report, and will consider this and any related evidence in any future decisions he will take in respect of these Directions.

Your Authority is now invited to make such representations as it wishes about the report and the Secretary of State's proposals. All such representations should be sent by email to Aisling.Lyon@communities.gsi.gov.uk, copied to Alex.Powell@communities.gsi.gov.uk, or in hard copy to the address below marked for the attention of Aisling Lyon, so as to be received on or before 10a.m on Friday 16 December. They will then be carefully considered by the Secretary of State in making a decision as to whether or not to make the proposed Directions.

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

Yours sincerely,

A handwritten signature in black ink that reads "Alex Powell". The signature is written in a cursive style with a long horizontal stroke at the end.

ALEX POWELL

ANNEX – PROPOSED REVISED DIRECTIONS

INTRODUCTION

1. Following the receipt of the London Borough of Tower Hamlets' ("the Authority") third six-monthly progress report against the Council's best value strategy and action plan dated 20 September 2016 as required by the Directions issued to the Authority on 17 December 2014, and Tower Hamlets Commissioners' report to the Secretary of State for Communities and Local Government ("the Secretary of State") dated 11 October 2016, the Secretary of State is considering exercising his powers under section 15 of the Local Government Act 1999 ("the 1999 Act") to return functions in relation to the making of grants under any statutory power or duty ("the grants functions") to the Authority to exercise. In addition, the Secretary of State is considering:
 - issuing further directions under section 15 of the 1999 Act requiring the Authority to exercise grant making functions under the direction of, and to the satisfaction of, the Commissioners for the remainder of the Direction Period as set out in the Directions issued to the Authority on 17 December 2014, and to ensure the Authority's compliance with the requirements of Part 1 of the 1999 Act; and
 - revoking the Direction issued to the Authority on 17 December 2014 (paragraph 7 of Annex A) insofar as it relates to the processes and practices the Authority adopts for entering into contracts.

CONTEXT

2. On 17 December 2014 the then Secretary of State exercised his powers of direction under section 15 of the 1999 Local Government Act in relation to the Authority and issued Directions to the Authority ("the 17 December 2014 Directions"). This followed consideration of the report of the Best Value inspection of the London Borough of Tower Hamlets by PricewaterhouseCoopers LLP dated 16 October 2014 and published on 4 November 2014 ("the PwC report"); the report of "Delays at the verification and count for the May 2014 elections in Tower Hamlets - Report of the Electoral Commission's review", dated 1 July 2014 ("the Electoral Commission's review"); representations made by the Authority on the PwC report, received 8 December 2014; and representations made by the Authority on PwC's response to representations from the Authority on PwC's report, received 10 December 2014. The PwC report identified serious failings in the governance of the Authority and concluded that the Authority was failing to comply with its best value duty in respect of the exercise of several of its functions. The Electoral Commission's review concluded that there were significant lessons for the returning officer appointed by the Council, and that immediate and sustained action must be taken to provide assurance that future elections and electoral registration will be well managed, and efficiently and effectively delivered. In light of the PwC report and the Electoral Commission's review, the Secretary of

State issued the 17 December 2014 Directions, which outlined measures to address the identified failings in the Authority.

3. When the then Secretary of State announced the intervention in the House of Commons on 17 December 2014 he stated that he envisaged "...that the Commissioners will be in place until 31 March 2017" and that "It will be open to Ministers to review this in the light of the progress made by the Council to secure compliance with its best value duty." It is therefore clear that the then Secretary of State's intention was that the actions the Authority is required to take set out in Annex A Directions and the functions outlined in Annex B to the 17 December 2014 Directions should be exercised by the Commissioners until such time as the Authority can exercise functions in compliance with the best value duty, and the Authority and Lead and other Commissioners agree that it would be appropriate for these actions to cease, and for the exercise of a function (or functions) to be returned to the Authority, subject to the provision of reasons and clear evidence to substantiate any such proposal.
4. On 29 April 2015 the then Secretary of State again exercised his powers of direction under section 15 of the 1999 Local Government Act in relation to the Authority and issued further Directions to the Authority ("the 29 April 2015 Directions") regarding the recruitment of a permanent Head of Paid Service. The 29 April 2015 Directions remain in force.

THE COMMISSIONERS' 11 OCTOBER 2016 REPORT

5. On 11 October 2016 the Commissioners in Tower Hamlets sent to the Secretary of State their response to the Authority's third six monthly report on progress against its Best Value Strategy and Action Plan. The 11 October report recommended, on the basis of significant progress made by Commissioners and the Authority since 17 December 2014, that certain functions were now capable of being exercised by the Authority in compliance with the requirements of Part 1 of the 1999 Act and so could be considered for return to the Authority to exercise. The 11 October report also recommended revising the list of actions the Authority is required to take in order to ensure compliance with the best value duty.
6. After carefully considering the 11 October report the Secretary of State is considering exercising his powers under section 15 of the 1999 Act in relation to the Authority, in order to ensure that the grants function, and arrangements to discharge these functions under section 101 of the Local Government Act 1972 specified in paragraphs 1 and 2 of Annex B to the 17 December 2014 Directions are returned to the Authority to exercise. The Secretary of State is also considering making further directions in order to facilitate the return of the grants functions to the Authority, which would enable the Commissioners to advise and scrutinise the Authority and ensure its compliance with the best value duty, and to revoke Directions in relation to contracting (paragraph 7 of Annex A to the 17

December 2014 Directions), including how the Authority implements its written procurement policies and procedures.

FUNCTIONS TO BE RETURNED TO THE AUTHORITY

7. The Secretary of State proposes that the grants functions, and arrangements to discharge these functions under section 101 of the Local Government Act 1972 (paragraphs 1 and 2 of Annex B to the 17 December 2014 Directions) be returned to the Authority to exercise before 31 December 2016.

ACTIONS TO BE TAKEN BY THE AUTHORITY

8. The Authority will be obliged to continue to undertake the actions outlined in paragraphs 1, 2, 3, 4, 5, 6, 8, 9, 10 and 11 of Annex A, and paragraphs 3, 4 and 5 of Annex B to the 17 December 2014 Directions for the retained functions.
9. In order to enable the Commissioners to advise and scrutinise the Authority in relation to the making of grants, and to ensure its compliance with the best value duty without clouding where ultimate responsibility applies, the Authority will be required to exercise all functions in relation to grants (save for the functions specified in paragraph 2 of Annex B to the 17 December 2014 Directions) under the direction of, and to the satisfaction of, the Commissioners for the remainder of the Direction period.

THE COMMISSIONER TEAM

10. The Commissioner team would be reduced from four Commissioners to three in recognition of the progress made.

DURATION OF THE DIRECTION

11. The 17 December 2014 Directions are in force until 31 March 2017. This reflects the seriousness of the failings identified in the PwC report and the extent of the improvements needed. Any further Directions reflecting the proposals above would also be in force until 31 March 2017.

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15 December 2016

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Dear Secretary of State

LONDON BOROUGH OF TOWER HAMLETS - PROPOSED REVISED DIRECTIONS

Thank you for your correspondence of 2nd December to our recent Best Value Action Plan progress report. I welcome the opportunity to offer further representations to you in relation to the proposed revised Directions and have set out my observations below.

PROCUREMENT

I welcome your intention to revoke the Direction relating to the Council's processes and practices entering into contracts especially noting that you are satisfied we have adopted procurement policies and practices that are compliant with the Best Value duty.

GRANTS

I am pleased you are satisfied that Tower Hamlets is able to carry out its grant making function and will return this to our control, albeit subject to oversight arrangements whereby the Commissioners can provide advice and offer scrutiny to ensure our compliance with the Best Value Duty.

I have no objection to oversight by the Commissioners. However it is fundamental that the Council can undertake this function without the need for case-by-case approval from the Commissioners. I am sure you would appreciate that if we are required to seek written approval on each and every application from Commissioners, the Council would not be exercising the function as stated in the Directions.

I regard the Direction and commissioners' satisfaction to be with reference to the process and not to the determination of individual grants. As you will know if the Commissioners are not satisfied with either the executive arrangements or the scrutiny arrangements they can direct the Council to put an alternative in place.

Therefore, before making your decision in relation to this Direction, I would appreciate your further consideration and clarification of this matter.

WHITECHAPEL WARD BY-ELECTION 2016

I am pleased you have acknowledged the significant progress made by the returning officer and team in improving the conduct of elections in Tower Hamlets. However, your letter mentioned that you are not yet minded to return power to the Council to appoint the returning officer until you are assured of the outcome of the Whitechapel by-election on 2nd December.

The Commissioners and Electoral Commission confirmed the Whitechapel by-election was well planned and conducted. The planning involved the Returning Officer, the Metropolitan Police, Commissioners and the Electoral Commission. The processes used to manage and promote the by-election followed the best practice model developed during the EU Referendum and the Greater London Authority elections in 2016. Max Caller (Commissioner) attended the training for polling staff to ensure quality control. The poll was conducted well with a particular focus on the integrity of the process both within the polling station and at the count. All statutory deadlines were met and no incidents or complaints were received throughout the timetable period.

Early next year the Council will begin planning for the Local and Mayoral elections in 2018 and all stakeholders will be invited to participate.

As result of this feedback, which can be confirmed with the Commissioners, I hope you are now in a position to reconsider your position on this Direction.

THE COMMISSIONER TEAM

Councillors and Officers continue to have a constructive and positive working relationship with Commissioners who have helped us understand the underlying problems of our Council in far greater detail, and have supported the Council to make the necessary progress to date.

I am pleased you recognise the Council has made significant progress implementing the Directions and that you are minded to reduce the number of Commissioners from four to three. However given the progress made, and the considerable ongoing cost to local taxpayers of supporting Commissioners, I would request that you consider a further reduction.

Finally, as Executive Mayor my priority is to make Tower Hamlets Council an open and transparent organisation that better serves local people. The Chief Executive and I would welcome the opportunity to meet with you and the Commissioners to discuss the requirements for ending the Directions, as envisaged, in March 2017.

Yours sincerely



John Biggs
Executive Mayor of Tower Hamlets