

Non-Executive Report of the: Standards (Advisory) Committee 25 January 2018	 TOWER HAMLETS
Report of: Asmat Hussain, Corporate Director, Governance	Classification: Unrestricted
Alpha Square - Bribery Allegations	

Originating Officer(s)	Mark Norman, Legal Adviser & Deputy Monitoring Officer
Wards affected	All Wards

DRAFT

Summary

This report provides background information relating to the bribery allegations in connexion with a planning application by the Far Eastern Consortium International (FECI) for a proposed major building development at Alpha Square in the Canary Wharf ward of Tower Hamlets as reported in the Sunday Times newspaper on 10 December 2017. In the event the planning application was rejected by the Strategic Development Committee in February 2016 and subsequently determined by the Mayor of London.

Recommendations:

The Standards (Advisory) Committee is recommended to:

1. Consider and note the content of this report.

1. REASONS FOR THE DECISIONS

1.1 Not applicable this report is for noting.

2. ALTERNATIVE OPTIONS

2.1 Not applicable this report is for noting.

3. DETAILS OF REPORT

- 3.1 At the end of November 2015, the Council's elected Mayor was first made aware by a whistleblower associated with FECL of allegations of potential bribery in connection with the Alpha Square planning application involving elected Members. There was limited information and the Mayor referred the matter to the Chief Executive and the Council's then Monitoring Officer, Ms Melanie Clay.
- 3.2 The Monitoring Officer conducted initial enquiries and more information became available to her between December 2015 and April 2016. On the basis of the information available to her, the Monitoring Officer decided that assistance would be required from forensic accountants in order to determine how best to deal with the allegations.
- 3.3 In May 2016 competitive quotations were obtained from three specialist external providers of forensic accounting and investigatory services. Ernst & Young (EY) were appointed on 7 June 2016 to review the allegations. Having interviewed two whistleblowers EY advised that the Monitoring Officer should consult with legal counsel experienced in bribery and corruption cases to provide advice (including as to the appropriate investigating authority) and report the matter to law enforcement as soon as possible.
- 3.4 The Council sought advice on the matter from Michael Bowes QC. Mr Bowes is a Deputy High Court Judge and is highly regarded as an expert in civil and criminal 'cross-over' work. His initial advice on 28 June 2016 in conference was that recordings and other material held by the whistleblowers should be obtained and held in secure conditions by EY.
- 3.5 Subsequently EY obtained the recordings and other material which counsel reviewed in July 2016. Having reviewed the evidence counsel provided written advice which contains sensitive material and remains confidential and subject to legal professional privilege.
- 3.6 Having regard to the advice provided by counsel, on 4 August 2016 the Chief Executive made a written report of the allegations to the Serious Fraud Office (SFO); in addition the allegations and all matters pertaining were restricted to a very small group on a "need to know" basis and there was no further internal investigation into the allegations to avoid the risk of potential prejudice to a criminal investigation.

- 3.7 On 28 September 2016 the SFO advised the Chief Executive that they had referred the matter to the National Crime Agency (NCA).
- 3.8 The Monitoring Officer has contacted the NCA who have advised that it would be inappropriate for the Agency to comment further on the matter at this stage. On 21 December 2017 the Mayor and Chief Executive wrote to the Director General of the NCA seeking to establish a constructive dialogue with the Agency so that the Council can carry out its necessary governance functions in relation to the allegations in a way which does not interfere with any ongoing criminal investigation.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This is a noting report and as such there are no financial implications arising from this report. Costs associated with conducting the investigations referred to in the report have been met through Council Contingencies.

5. LEGAL COMMENTS

- 5.1 Any compliance or governance issues arising out of the allegations should be addressed once the extent of any criminal investigation has been determined by the NCA and in such a manner as not to prejudice any such investigation.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 This is a noting report with no immediate implications for One Tower Hamlets which will be assessed once any criminal and/or internal investigation is complete.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 This is a noting report with no immediate best value implications which will be assessed once any criminal and/or internal investigation is complete.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT (SAGE)

- 8.1 This is a noting report with no immediate SAGE implications which will be assessed once any criminal and/or internal investigation is complete.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 The bribery allegations were reviewed by Ernst & Young who interviewed two whistleblowers and secured potential evidence which has been provided to the SFO and the NCA. The Council is seeking to establish a constructive dialogue with the NCA so that it can carry out its governance functions whilst minimising the potential prejudice to any ongoing criminal investigation.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 The bribery allegations are currently being considered by the NCA and may be subject to a future criminal prosecution.

Linked Reports, Appendices and Background Documents

Linked Report

NONE.

Appendices

NONE

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

NONE

Officer contact details for documents:

N/A