


<p>Council</p> <p>22nd January 2025</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Stephen Halsey, Chief Executive</p>	<p>Classification: Unrestricted</p>
<p>Progress Update on Best Value Improvement Matters</p>	

<p>Originating Officer(s)</p>	<p>Stephen Halsey, Chief Executive</p>
<p>Wards affected</p>	<p>All wards</p>

Executive Summary

Following the conclusion of the Best Value Inspection and the issuing of draft Directions by the Minister of Housing, The Chief Executive has committed to bringing progress updates to Full Council on Best Value Improvement where it addresses the issues set out in the government directions. This report provides a summary of the actions being taken to

- improve our best value performance in respect of those areas,
- put in place the arrangements necessary to support the ministerial envoys and their work,
- ensure we have the capability and capacity to deliver the actions specified in the draft directions.

Recommendations:

The Council is recommended to:

1. Consider the content of the update report and comment upon it.

1 REASONS FOR THE DECISIONS

- 1.1 The Ministerial Draft Directions will deliver a statutory support package and are a significant matter of consequence for the Council. The Council should be given the opportunity to consider the actions being taken in respect of addressing the matters raised in those directions and be appraised, as a body, of the progress being made. The areas covered by the Directions cover executive, non-executive functions and the political realm.

2 ALTERNATIVE OPTIONS

- 2.1 The Chief Executive could choose not to bring forward such a report. This would not be in the spirit of transparency and open government and would not allow the Council as the elected representative body of all the voters of

Tower Hamlets to engage in the debate about how best to address the issues set out in the Ministerial Draft Directions.

3 DETAILS OF THE REPORT

Background

- 3.1 On 12th November 2024 The Minister for Housing issued a statement to Parliament that stated that the SoS MHCLG is satisfied that Council is failing to comply with its statutory best value duty in some important areas of business covering aspects of Continuous Improvement, Governance, Leadership, Culture and Partnerships. The SoS MHCLG's conclusions were informed by the Best Value Inspection instigated by the previous Conservative SoS DLUHC and the subsequent report of the inspectors appointed by him. This report represented the views of that Inspection team and its purpose is to inform the SoS who takes it into account when deciding if there has been a breach of best value duty. The views of government and the focus of any areas of improvement that government considers necessary are set out by government directions.
- 3.2 At the same time that the Ministerial Statement was issued draft directions were published {[London Borough of Tower Hamlets: Letter to the Chief Executive](#)}. These Directions acknowledged that improvement work had already begun, that some key building blocks were already in place and proposed a support package that 'is designed to expand on the improvement progress that has already been started by the Authority'. These Directions state that the SoS is minded to appoint two Ministerial Envoys to advise and guide the Council on its improvement journey. They will act as 'advisors, mentors and monitors'. Executive and non- executive authority will remain with the Elected Mayor and Council. The Directions seek to support the Council with four specific aims.
- A) Provide the additional scrutiny, external challenge, advice and monitoring which is needed to oversee the improvements.
 - B) Continue to review and improve governance and scrutiny arrangements, and both political and officer leadership, to ensure members and officers are empowered to challenge and speak truth to power.
 - C) Ensure appropriate delegations to enable effective, timely and robust decision-making, which follows due process, is transparent, evidence-based, and is subject to appropriate scrutiny.
 - D) Rebuild trust and reset the organisational culture.

- 3.3 There are 15 specific Directions with which the authority must comply. Eight of these (H to O below) either establish the requirement to cooperate or address the operational needs of the support package. The remaining 7 set specific tasks for the Council.

The Specific Directions are set out in full below:

- a) Work with and to the satisfaction of the Ministerial Envoys to reconfigure the Authority's existing Transformation Advisory Board into a Transformation and Assurance Board (the Board), to appropriately draw in external expertise and provide challenge and advice.

Membership of the reconfigured Board should draw on existing and additional Board members and must include:

- i. Independent external member as Leadership Lead;
 - ii. Independent external member as Culture & Partnerships Lead;
 - iii. Independent external member as Governance Lead;
 - iv. The Mayor as Chair of the Board;
 - v. At least two Opposition Councillors; and
 - vi. The Ministerial Envoys, who must agree to the Board's Scheme of Work and meeting agendas.
- b) Within one month of the date of these Directions, initiate a full and open recruitment exercise for a suitable permanent appointment to lead the improvement work in the Authority and progress against these Directions. For the avoidance of doubt, an existing employee of the Authority may be appointed to the position provided that such person is a suitable permanent appointment to that position.
- c) Within three months from the date of these Directions, cooperate with the Ministerial Envoys and Culture & Partnerships Lead to prepare and agree with the Board a fully costed programme of cultural change to rebuild trust between officers and members. This programme should build on existing work to reset the culture of the organisation.
- d) Within three months from the date of these Directions, cooperate with the Ministerial Envoys and Leadership Lead to prepare and agree with the Board a fully costed programme of political mentoring for members.
- e) Within three months from the date of these Directions, to prepare and agree with the Board a Continuous Improvement Plan (which may include or draw upon improvement or action plans prepared before the date of these Directions), with resource allocated accordingly and as a minimum, the following components:
- i. To continue to achieve improvements in relation to the proper functioning of the Authority's scrutiny function.
 - ii. To continue to achieve improvements in senior officer recruitment processes, including appropriate record keeping.

- iii. To continue to achieve improvements in the openness and transparency of decision making and record keeping.
- iv. To continue to achieve improvements in relation to the proper functioning of the procurement and contract management function.
- v. To continue to achieve a suitable officer structure and scheme of delegation for the Authority, including Cabinet portfolios and line management arrangements for statutory officers – all of which should provide sufficient resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting.

f) To work with the LGA to agree a suitable timetable for a follow up review to their 2023 Corporate Peer Challenge report.

g) To report to the Board on the delivery of the Continuous Improvement Plan, the cultural change programme and the political mentoring programme at three monthly intervals, or at such intervals as the Board may direct.

h) To have regard to and respond promptly and in public to any recommendations from the Board with respect to the London Borough of Tower Hamlets Continuous Improvement Plan and its implementation.

i) For the Direction period, to cooperate with the Ministerial Envoys appointed by the Secretary of State.

j) To report to the Secretary of State on the delivery of these Directions at six monthly intervals, or at such intervals as the Secretary of State may direct.

k) To allow the Ministerial Envoy at all reasonable times, such access as appears to them to be necessary, including:

- i. to any premises of the Authority;
- ii. to any document relating to the Authority; and
- iii. to any employee or member of the Authority.

l) To provide the Ministerial Envoys at the expense of the Authority, with such reasonable amenities and services and administrative support as the Envoys may reasonably require from time to time to carry out its functions and responsibilities under these Directions.

m) To pay the Ministerial Envoys reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.

n) To provide the Ministerial Envoys with such assistance and information, including any views of the Authority on any matter, as the Ministerial Envoys may reasonably request.

o) To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of these Directions.

- 3.4 At the time of writing these Directions remain in draft. Whilst the final directions may differ from the draft version it is not anticipated that they will differ significantly. Delivering against the Ministerial Directions will require close collaboration with the Ministerial Envoys and Transformation and Assurance Board Leads. Until the Ministerial Directions have been finalised and these key posts are in place the Council can't finalise the Improvement Plan or the approach to the Transformation and Assurance Board. We can however start to undertake the preliminary work in respect of support infrastructure for the Envoys and to pull together material that will enable the Council to respond efficiently when the Envoys are in place.
- 3.5 The Council has and continues to also focus upon: engagement with members, staff and partners to ensure that the key messages from the Best Value Report and the nature of the proposed Statutory Support package are well understood; learning from best practice from other Councils who have successfully delivered improvement under intervention and establishing a project team to ensure that dedicated resource with experience of facilitating other interventions is in place when the Envoys arrive.
- 3.6 On the 26th November 2024 Overview and Scrutiny Committee were briefed and updated by the Chief Executive. On the 18th December 2024 the CEO brought a Best Value Report and Draft Directions Update to Cabinet and committed to bringing a further progress update to Full Council in January 2025. This report provides that update. In addition to this the Chief Executive has briefed or in the process of diarising sessions to brief all of the political groups / parties represented on the Council on the Best Value Inspection and next steps.

Introduction

- 3.7 This report sets out the key focus of the statutory support package proposed by the SoS MHCLG in the Governments Draft Directions and progress in respect of addressing them.

The Roles of the Ministerial Envoys

- 3.8 At the time of writing the Council is awaiting confirmation of the government appointees to these positions. Such confirmation is expected very shortly.
- 3.9 The Ministerial Envoys are likely to be part time appointments with significant presence on site (2-3 days per week). On arrival they will 'work intensively with the Authority, including through a reconfigured Transformation and Assurance Board, to support the Authority to drive the necessary reform'. They will provide holistic support, operating comprehensively across the Authority. They will observe, provide ad hoc advice and challenge, oversee

the Authority's improvement work and be available to Senior Leadership for support. The Ministerial Envoys will be supported by the Board Leads, who the Authority are directed to appoint and who will lead improvement work on specific best value themes.

- 3.10 The Ministerial Envoys will oversee the reconfiguration of the Authority's existing Transformation Advisory Board to become the Transformation and Assurance Board. They will oversee the preparation of the Authority's Continuous Improvement Plan and an open recruitment exercise to appoint a permanent lead for the Authority's improvement work. They will also work closely with the Board Leads to ensure realisation of comprehensive programmes of cultural mentoring and political change. On a periodic basis (initially after 4 months) the Envoys will report back to the SoS on progress. The Council will report every six months or at other intervals that the SoS may direct.

The focus of the Directions

- 3.11 The aims set out in the Draft Directions assist in setting the focus of the work of the envoys and clarifying the priorities of the SoS MHCLG specific to the Council's improvement agenda. In summary they comprise improvements to scrutiny, political and officer leadership, decision making processes and culture change within the organisation and with political groups within the purely political realm.
- 3.12 Cultural Change within the Council will focus upon trust and openness. Cultural change that will span both the Council operational environment and the political realm will focus on addressing a 'Toxic' Political Culture based upon strongly polarised historical perspectives held by local political parties. Whilst it is envisaged that the Council Centred Culture Change Programme must include the conduct and behaviour of Members in the execution of their duties within the Council (subject to the agreement of the Ministerial Envoys and the Transformation and Assurance Board), meaningful cultural change within the purely political realm at local party level (an important influencer of political behaviour within the Council) is particularly challenging for any Council to achieve as the sector has no authority or direct remit in this regard. Navigating this complex area will be a key focus for our work with the Envoys.
- 3.13 The focus of the SoS MHCLG is also further elaborated by Draft Direction e which sets out a set of 'must haves' for the Improvement Plan. These can be summarised as improvements to Scrutiny, officer appointment and associated record keeping processes, transparency of decision making and record keeping, procurement and contract management, appropriate officer structures / line management arrangements for statutory officers and scheme of delegations and cabinet portfolios. This does not limit the improvement plan from including other aspects of improvement, for example the LGA improvement commitments or other matters that the Envoys or the Transformation and Assurance Board consider it should contain.

Current Work Underway

Set up and support programming

- 3.14 Interim arrangements are underway to facilitate the Ministerial Envoys to ensure that no time is wasted during the arrival and set up phase. An Improvement Project Team has been established with internal secondments, supported by an officer secondment from Croydon Council with extensive experience of statutory intervention, to ensure that the Council has sufficient levels of expertise specific to government intervention set up and programming. Work underway is focusing upon the organisational architecture necessary to support Draft Directions H to O.

Transformation And Assurance Board

- 3.15 The next meeting of the Transformation Advisory Board will be the last held in that format before the reconfigured Transformation and Assurance Board is brought about. The work of The Transformation Advisory Board has been key to driving forward the Council's improvement agenda over the period it has been in place and the importance of this board has been recognised by the SoS MHCLG as a key improvement building block which the government now wishes to refocus and enhance. A new Terms of Reference and proposed membership document is being prepared for consideration by the Ministerial Envoys because it is critical that the TAB Leads are in place swiftly to support development of the Continuous Improvement Plan and to lead early stages of wider improvement work. As the status and focus of the new Board will change membership of the Board will change. The Council is engaging those Transformation Advisory Board members who may not be (or may not want to be) part of the reconfigured Transformation and Assurance Board to ensure that the Council retains their invaluable expertise with a view engaging them on targeted partnership support and development work.
- 3.16 The reconfiguration of the Transformation Assurance Board will be supported by the Ministerial Envoys and the membership and operational arrangements for it cannot therefore be finalised until they are in place. However, work is underway preparing preliminary proposals for the way in which the Transformation Assurance Board might work. The Council is in dialogue with MHCLG and the LGA respecting the identification and appointment of the Transformation and Assurance Board Leads referenced in draft direction a.

Appointment of an officer improvement lead

- 3.17 Draft Direction b requires the Council within one month of the date of the Directions, to initiate a full and open recruitment exercise a suitable permanent appointment to lead the improvement work in the Authority and progress against these Directions. The Council considers that this role needs

to be senior within the Council structure and have sufficient gravitas and authority to move the improvement agenda forward at pace. To expedite this important appointment the Council has completed a procurement exercise for an executive search consultancy. Briefings are being organised with the appointed consultancy over the coming weeks including briefings from the LGA and the Ministerial Envoys. This input will inform the executive search exercise. The Council has drafted a role description for the consideration of the Envoys. Whilst a key element of the Job will be to deliver on the Directions, the Job will be defined more widely than the Directions embracing wider aspects of the Council's improvement agenda and a stronger corporate hub better aligned to the Council's new target operating model.

- 3.18 The recruitment exercise for the above role will take a few months to complete and the appointed candidate may have notice to serve out. The Draft Directions commit the Council within the first three months to have put in place costed plans for political mentoring, a cultural change programme and a continuous improvement plan. It is unlikely therefore that the permanent Improvement Lead will be in place to engage with these critical stages of the process. Progress will need to be demonstrated within the first 4 months. Consideration is therefore being given to the need to recruit to this position on an interim basis to cover all or part of the period before the permanent appointee arrives at the Council.

Culture Change

- 3.19 Draft Direction c tasks the Council with preparing and agreeing with the Transformation and Assurance Board 'a fully costed programme of cultural change to rebuild trust between officers and members. This programme should build on existing work to reset the culture of the organisation'. As the direction acknowledges the Council has already begun the culture reset and work is continuing regarding the development of the culture change programme. Statistically reliable intelligence and analysis will be required to effectively target culture change messaging and support work across the organisation. This will need to be completed as part of the development phase of the culture change programme as it relates to the Directions to ensure this part of the culture change programme is data led and meets its best value duty. As political culture within the Council as exhibited by elected members is heavily influenced by the cultures prevailing within external political parties further engagement with the Ministerial Envoys will be necessary to establish government expectations of the Council respecting its ability to influence the cultures prevailing within local political parties and how this might be reflected as actions in the culture change programme.

Political Mentoring

- 3.20 Draft Direction d tasks the Council within three months from the date of the Directions, to prepare and agree with the Transformation Assurance Board a fully costed programme of political mentoring for members. The Council has had a development and support programme for members for many years. A mentoring programme is in place and work continues to establish how to

further develop this. We already have LGA leadership and Chairs training programmes. We also have personalised training budgets for Members. We have more recently engaged the LGA to explore their mentoring offer. This will form the starting point for discussions with the Envoys and the Leadership Lead on the Transformation and Assurance Board.

Continuous Improvement Plan

- 3.21 Draft Direction e requires the Council to put in place a continuous improvement plan building upon the improvement work already underway. As this plan must be overseen by the Envoys and the Transformation And Assurance Board and we would want Member and partner input to the content of that Plan there will be programme pressures in order to meet the Governments three-month target for this to be in place. Work is necessarily underway to assess the relevance of existing improvement plans across the Council to delivering against the draft directions to inform dialogue with the Ministerial Envoys and the Board.
- 3.22 The Council has had in place for some years a comprehensive improvement plan for the Scrutiny function which was further enhanced last year, supported by extensive development and support measures for Councillors including mentoring options and personal budgets for bespoke personal development solutions. Additional resource is being provided to enhance the officer support for the scrutiny function. Work on implementing the Scrutiny Improvement Plan is continuing and will be a starting point for dialogue with the Ministerial Envoys.
- 3.23 Work to improve the procurement and contract management function are well advanced and is continuing.
- 3.24 Work to realign the Council's structure to the Council's new Target Operating Model is well advanced and is continuing.
- 3.25 The Partnership Congress and ongoing work to develop a partnership strategic vision are well advanced and will form the basis for partnership improvement work.
- 3.26 Budget discussions have been completed and funding allocated to pay for the Ministerial Envoys and support the work set out in the draft directions. This additional cost has been factored into the MTFS.

LGA CPC Revisit

- 3.27 Draft Direction requires that the Council liaise with the LGA to organise their revisit to review progress on their 2023 CPC. We have had early discussions with the LGA about a bespoke approach given our unique circumstances.

4 EQUALITIES IMPLICATIONS

4.1 There are no equalities implications arising from this report.

5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding,
- Data Protection / Privacy Impact Assessment.

5.2 Relevant matters are covered in the body of the report.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no direct financial implications as a result of this report other than to note that Budget discussions have been completed and funding allocated to pay for the Ministerial Envoys and support the work set out in the draft directions. This additional cost has been factored into the MTFS.

7 COMMENTS OF LEGAL SERVICES

7.1 The Local Government Act 1999 requires a local authority to make arrangements to secure continuous improvement in the way that its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Act also sets out the powers of the Secretary of State if they are not satisfied that a local authority is complying with that duty.

7.2 This report sets out the Council's work to comply with the Secretary of State's requirements.

Linked Reports, Appendices and Background Documents

Linked Report

- Report to Cabinet 18 December 2024

Appendices

- None

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

N/A