

LGA Corporate Peer Challenge

London Borough of Tower Hamlets

18 – 22 September 2023

Feedback report





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1. Executive summary

Tower Hamlets is a council with an ambitious set of priorities that are widely understood by members, officers, and partners. The new Administration, elected in May 2022, has brought a fresh impetus to the council. It is clear that the Mayor's manifesto commitments have translated into the key areas of focus for the council, as highlighted in the Council's Strategic Plan (2022-2026).

The council is fortunate to have highly skilled, dedicated people who are evidently committed to delivering the best outcomes for the borough's residents. Both members and officers should be commended for the delivery against the election promises to date and in particular the speed of the implementation of universal free school meals for all children up to age 16, and the implementation of the Educational Maintenance Allowance for sixth form and college students. The widespread understanding of these priorities in part is due to the council's communications strategy which for both internal and external communications is impressive.

The council now needs to focus on developing a comprehensive longer-term strategic vision for the borough. The Mayor's manifesto, whilst clearly ambitious, focuses on some short to medium term priorities and there now needs to be a longer-term focus for the organisation and borough which should be co-produced with partners and communities. To do this most effectively the council will need to improve relationships with some of its external partners, some local businesses and parts of the voluntary and community sector (VCS).

Tower Hamlets has a good record of financial management, with strong foundations in place to maintain the future financial sustainability of the organisation. It is positive that the council is developing three-year financial plans which will enable investment in services and priority areas once completed.

The new longer-term strategic vision for the borough needs to be aligned to a Medium-Term Financial Strategy (MTFS). In doing so a single narrative should be developed for members, officers, and partners to explain the rationale for the delivery of the £37m of savings alongside the investment in services. A single narrative will help to articulate the imperative of delivering savings for the future financial sustainability of the council, which at present is not widely understood.

Integral to the development of the MTFs is the need to establish a more sustainable model for the funding of the council's priorities. To date, these have been heavily reliant on investment from the Mayor's 'Priority Reserve' of £47m, which was primarily funded from the New Homes Bonus reserve. This reserve has also been used to fund the annual £5.7m investment to extend universal free school meals funding from all primary to all secondary school pupils and £7m investment to tackle climate change.

This model of investment in priorities is clearly unsustainable unless compensatory revenue savings are made, which the council has committed to. At present, the council is forecast to be spending a considerable amount of its reserves. The opening total reserve balance for 2023/24 was £219.1m, which is forecast to reduce to £92.6m by 2026/27, with a significant portion of the balance (£40.7m) being earmarked reserves with restrictions on use¹. The council is also forecast from 2024/25 to be at the minimum general fund reserve balance of £20m in accordance with the council's reserve policy. The peer team notes that officers are currently developing an approach to a sustainable budget position to be presented to the council as part of the budget setting process for 2024/25.

In common with a number of other councils, the annual accounts at Tower Hamlets have not been signed off. This is a significant issue particularly because accounts here have not been signed off since 2018/19 onwards and this needs to be addressed urgently. Whilst this is an issue that predates the current Mayor, equally urgent is the need to prepare and sign off an Annual Governance Statement (AGS) as there has not been an AGS prepared and signed off since 2021 due to a technical misunderstanding.

Tower Hamlets has undoubtedly gone through a period of significant change in the last eighteen months, with a new Mayor and Administration, a new Chief Executive appointed in July 2023, as well as a move to new council offices. It is clear that the organisation is still adjusting to those changes and has some challenges to overcome. There has also been considerable churn at senior management level, which is not uncommon following a change of political and managerial leadership. However, the council must now seek to ensure that they recruit the best people available and take steps to retain the many excellent staff in the council who need to feel valued, trusted and empowered. This should be done through the development of a new workforce

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<https://democracy.towerhamlets.gov.uk/documents/s225307/MTFS%20and%20Budget%20Scene%20Setting%202024-27.pdf>

strategy which has a clear plan for recruitment, retention, and workforce development. The strategy should also set out how it will ensure that the Administration's ambition to have a workforce that is reflective of the diversity of the borough will be achieved.

One of the most acute issues at Tower Hamlets is that elements of the corporate centre are not operating as effectively as they should. There is clear evidence and constant reference to a 'two council' culture between the senior management and the Mayor's Office. This is generating bottlenecks in the operation of the council's business and impacting negatively upon the speed and effectiveness of decision making. There was an example of one team in the council waiting up to four months for a decision to be made, which is clearly not effective. Whilst the Mayor's major priorities are being delivered, the current Mayor's Office model is detrimental to the delivery of the council's wider business and is impacting on the reputation of the organisation with some partners. To alleviate this issue the council should review the roles, functions and deployment of some of the staff within the Mayor's Office to ensure streamlined decision making, remove barriers and duplication elsewhere in the council. This process should include reviewing the way the council handles member enquiries, complaints and freedom of information requests to ensure responses are sufficient and timely.

Another significant issue at Tower Hamlets which is fuelling the two-council culture is an evident lack of trust from some members and officers towards each other. This could undermine delivery of the Mayor's priorities as well as affecting the operation of a number of the council's business as usual functions. These issues are further compounded by the complicated internal governance arrangements. There is a plethora of internal boards without clear linkages and lines of accountability which should be streamlined to avoid unnecessary bureaucracy and drain on capacity. These issues should be addressed as a priority.

In addition, the council, as part of its organisational change programme, would benefit greatly from developing a common narrative that brings together the aims for council improvement and the 'People First' transformation programme. At the moment the language is used interchangeably and there is not a single narrative of the change programme in its entirety, which is causing confusion. Aligned to this is the need to provide further clarity on the aims and terms of reference for the newly created internal boards and how they link with the business of the Corporate Management Team (CMT).

It is clear, as noted above, that the elected members at Tower Hamlets are committed

to delivering the best outcomes for residents across the borough. However, it is concerning to see, as it would be in any council, that there is no female representation on Cabinet, an issue which the Cabinet recognise. This is impacting on the views that women (both within and external to the council) have of the council and is something that the council should seek to address as a priority. It is crucial that the council can demonstrate how the voices and lived experience of women and those from different backgrounds to those in Cabinet are listened to and how their concerns acted upon by the Mayor and the Cabinet. In the short term, the council could take steps through the governance process to address this, looking at the composition and chairing of the council's committees such as Overview and Scrutiny and Audit. In the longer term, the council should work closely with the political groups to encourage more collegiate cross-party working and greater democratic representation. More could be done for instance to promote the [LGA's 'Be a Councillor'](#) campaign. Given the relative inexperience of the majority of the Cabinet at Tower Hamlets (many are first-time councillors) the council should also look to enhance its member development programme to ensure members are fully equipped with the required skills and knowledge to help them fulfil their roles effectively. Once members have gained skills and knowledge, consideration could be given to reviewing the delegated responsibilities from the Mayor to both Cabinet members (and officers) as part of the ongoing constitutional review.

It is clear that Tower Hamlets Council is an organisation which has a comprehensive understanding of the needs of residents and communities and that it knows its places well. There is a wealth of demographic information that has directly contributed to the Mayor's priorities and the council works hard to engage and consult with its residents. However, the council needs to improve the tracking and understanding of the impact of its policies and would benefit from developing a more corporate approach to performance management which is mirrored in directorate, service, and individual plans. Crucially, members need to be supported to be in a position to understand the performance information presented to them in order that they can effectively challenge areas of concern.

There is evidence of some very effective partnership working in Tower Hamlets with statutory partnerships being particularly strong. Some of the business partnerships are also well developed, although there is a need to create more time and space for regular strategic conversations. Similarly, there is a need to reset relationships with some partners in the voluntary and community sector (VCS) organisations. Recent changes to

the framework for the allocations of grants and the introduction of the Mayor's Community Grant Fund has resulted in low confidence amongst some of the organisations in the third sector/VCS. Whilst the peer team were satisfied with the process to review the grants fund, some organisations that the team spoke to felt that they were not sufficiently consulted.

Whilst the nature of Corporate Peer Challenge (CPC) is to provide critical challenge at a specific point in time and to give recommendations to support ongoing improvement, it is important for this CPC to understand the recent history at the council, when the current Mayor was previously in post, and to reflect on issues that were highlighted as part of the 2014 PWC Best Value inspection. As well as exploring the allocation of grants (Section 4.3) the peer team also looked at practice in relation to the transfer of property to third parties. The council has clear policy and procedures that are well understood. However, the team heard, as with other themes, that decisions have to go via the Mayor's Office. It is understandable that the Mayor will want oversight in this area, and the peer team would recommend that this step in the process is formalised and recorded.

The council is committed to being a learning organisation and has a genuine appetite to explore and adopt best practice. As well as this CPC the council has recently had a Children's Services peer challenge, currently has Investors in People (IIP) Silver Accreditation and has committed to an IIP reaccreditation process. Further service specific LGA peer challenges have also been requested. The council is also demonstrating a high degree of organisational maturity in its positive response to critical challenge; with action planning underway to address some of the issues raised by this CPC. Examples of this include changing the composition of committees, drafting an AGS, and committing to resolving the outstanding financial accounts by the end of the calendar year.

The creation of the external Transformation Advisory Board which has external representatives some with considerable experience of running large democratic organisations is another positive step in this respect. It is recommended that as well as reporting through normal council channels, the council should also report improvement against this CPC to that board.

2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

Recommendation 1: Strategic vision

Develop a more comprehensive long-term strategic vision for the borough and the council which is co-produced with the community.

Recommendation 2: Medium-Term Financial Strategy (MTFS)

Develop a MTFS, including the Housing Revenue Account (HRA), which can demonstrate the future financial sustainability of the council, and which is aligned to the long-term strategic vision of the council.

Recommendation 3: Performance management

To assist with the focus on delivery of the council's priorities, measures should be taken to enhance the existing performance framework, making better use of data to inform decision making and policy development. Consideration should be given to how the impact of decisions and priority areas is captured.

Recommendation 4: Workforce strategy

Develop a refreshed workforce strategy to address recruitment and retention challenges. This is particularly important given the current vacancies in key senior management positions and the Mayor's stated priority of the workforce representing the community.

The Overview & Scrutiny Committee should be given responsibility for overseeing performance against the council's aim to ensure that its workforce and service provision reflects the diversity of the borough.

Recommendation 5: Mayor's Office

Review the roles, functions and deployment of officers within the Mayor's Office. This should be done to ensure streamlined decision making, removing barriers and duplication elsewhere in the council. The council should also ensure that colleagues remaining in the Mayor's Office are given training and development opportunities to

ensure a wider understanding of the roles and requirements of different services areas.

Recommendation 6: Internal governance

Conduct an urgent review of the internal governance arrangements including the board structures to ensure focus on the delivery of priorities, clarity of reporting and clear lines of accountability. This should seek to speed-up decision making, and delegate business-as-usual decisions to an appropriate level.

Recommendation 7: Working with partners

To ensure more effective partnership working, the council should consider reviewing current partnership governance arrangements.

Recommendation 8: Grant allocation

Build on the framework for the Mayor's Community Grant scheme and introduce a robust process for the Small Grants Fund and the Emergency Grants Fund, demonstrating links to the corporate priorities, ensuring openness and transparency, and reset relationships with the VCS/third sector. Monitoring of the grants programmes should be undertaken in partnership with the VCS/third sector and overseen by Overview and Scrutiny.

Recommendation 9: Transfer of property to third parties

Record and formalise Mayoral/member involvement in decision making relating to the transfer of property to third parties; reflecting Mayoral/member oversight in the property and assets policy and procedures document (and developing overarching strategy) Also report decisions in this area to Overview and Scrutiny Committee.

Recommendation 10: Cabinet Member responsibilities

To speed up the pace of decision-making consideration should be given, as part of the constitutional review, to reviewing the delegated responsibilities from the Mayor to both Cabinet Members and officers.

Recommendation 11: Membership of committees

The council should consider best practice in relation to the chairing, membership and cross party working in and of key committees such as Full Council, Overview and Scrutiny and Audit. External training for these committees should also be arranged.

Recommendation 12: Member development

The existing member training and development offer should be strengthened with support initially focussed on Cabinet members and committee chairs.

Recommendation 13: Diversity

Given the composition of the ruling administration, consideration should be given to how the voices of women and those from different backgrounds are directly influencing policy through their lived experience. It is recommended that the council actively promote the LGA's 'Be a Councillor Campaign' to promote the opportunity for women and people from underrepresented groups across the borough.

Recommendation 14: Annual Governance Statement

Prepare and publish the Annual Governance Statement.

Recommendation 15: Outstanding accounts

Outstanding financial accounts going back to 2018/19 need to be resolved with the external auditors as a priority.

Recommendation 16: Organisational capacity

Develop the corporate centre so that it is genuinely a strategic enabler and provides the appropriate accurate management data and information to support the transformation of the organisation.

Recommendation 17: Responsiveness

Review the council wide approach to handling member enquiries, complaints and freedom of information (FOI) requests to ensure less duplication, faster responses and greater efficiency.

Recommendation 18: 'People First'

Accelerate the 'People First' transformation programme and develop a clear narrative ensure a common understanding. (This should be entwined with the development of the strategic vision).

3. Summary of the peer challenge approach

3.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Lead Peer: Carolyn Downs CB, Former Chief Executive, London Borough of Brent
- Independent Member Peer: Cllr Jim McKenna, Cornwall Council
- Labour Member Peer: Sir Steve Bullock, Former Mayor, London Borough of Lewisham
- Officer Peer: Mark Wynn, Executive Director of Resources, Lancashire County Council
- Officer Peer: Tasnim Shawkat, Director of Corporate Services and Governance, London Borough of Bromley
- Officer Peer: Ben Mosley, Head of Corporate Engagement, Bristol City Council
- LGA Principal Adviser (Regional Improvement Lead): Claire Hogan
- LGA Regional Adviser: Harry Parker

3.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?

3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

The council requested that the CPC had a particular focus on governance, leadership of place and finance.

3.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent five days onsite at Tower Hamlets, during which they:

- Gathered information and views from more than 75 meetings, in addition to further research and reading.
- Spoke to more than 175 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

4. Feedback

4.1 Local priorities and outcomes

Tower Hamlets is an exciting borough with huge potential. It has a diverse and vibrant community with a rich heritage and is home to some of London's most famous historic attractions including the Tower of London, Tower Bridge and St Katherine Docks. It has over 150 parks including Victoria Park and Mile End Park and is home to Canary Wharf, the UK's leading financial centre. It is, however, a borough of great contrasts, with inner-city areas with significant levels of poverty and high crime contrasted with areas of great wealth.

The council has a comprehensive understanding of the needs of its 330,300 residents. Over 137 languages are spoken in the borough and 43 per cent of residents were born outside of the UK, from over 200 different countries. Tower Hamlets has the fastest growing population and is the most densely populated place in the UK, with the population having grown by 22 per cent since 2011 and is predicted to rise further by almost 100,000 by 2031. Tower Hamlets also has one of the youngest populations in the country, with 61 per cent of residents aged 15-44 and only 5.6 per cent aged 65 and over.

The council has a widespread understanding of the challenges, as well as the opportunities for Tower Hamlets and there is an ambitious set of priorities that are widely understood by members, officers and partners. The current Council Strategic Plan for 2022 – 2026 reflects the priorities that were set out in the Mayor's election manifesto. The level of ambition is considerable with the current priorities focused on:

- Tackling the cost-of-living crisis
- Homes for the future
- Accelerate education
- Boost culture, business jobs and leisure
- Invest in public services
- Empower communities and fight crime
- A clean and green future

Central to the ambition and priorities of the council are the environment and prospects for the borough's young people. Currently the council's Children's services are rated as 'Good' by Ofsted (2019) and there remains a resolute focus to continue delivering safe and effective Children's services. The departure of a well-respected Corporate Director of Children's Services presents a risk, as it would in any council, and it is essential that the council does everything possible to ensure that a high-calibre replacement is recruited.

Educational outcomes and youth provision are priorities for the Administration and there is a *"real focus on education from the Mayor and his team."* Tower Hamlets invests considerably in its young people: the borough has the second highest total spend on education services per head of the population in the country², linked to the fact that it has such a large young population. The quality of schooling in Tower Hamlets is above both the London and national average, with 97 per cent of schools rated Good or Outstanding by Ofsted³. There are however concerns from the Administration that despite this performance, it does not necessarily translate into the best outcomes for the borough's young people.

To begin to address this, Tower Hamlets was the first local authority to provide universal free school meals for primary and secondary school children. Council officers and members worked effectively with schools to implement this policy, and did so within a short timeframe, showing how the council can deliver at pace. The focus for the organisation has clearly been on the delivery of these priorities and both members and officers should be commended for the swift delivery against the election promises.

In April 2023 the council also announced a £13.7m investment into a new insourced youth service - Young Tower Hamlets. The service will provide a programme of free opportunities and support for young people aged 11-19 and is part of the council's wider £19m investment in young people over the next three years. The success of this service will be critical for the effective delivery of the Mayor's priority to accelerate education and to ensure young people in the borough have a range of places where they can get advice, stay safe and enjoy leisure activities. It is good to see that a robust and competitive process has been established for the recruitment to posts in this new

² <https://lginform.local.gov.uk/reports/lgastandard?mod-metric=218&mod-area=E09000030&mod-group=AllSingleTierAndCountyLalnCountry&mod-type=comparisonGroupType>

³ <https://democracy.towerhamlets.gov.uk/documents/s212954/AnnualSchoolsReport.pdf>

service area.

Also integral to the priorities is the ambitious plan to improve housing supply and reduce overcrowding and homelessness. There are currently 21,000 people on the housing waiting list, with more than 70 per cent of these residents in the top two tiers on the waiting list living in overcrowded conditions. The council has set very ambitious plans for house building with a target of 1,000 social rent homes each year for the next four years.

Another priority is to insource leisure services and Tower Hamlets Homes. Insourcing is both an opportunity and a challenge for the council and for this to happen most effectively it is vital that the council learns from the recent experience of insourcing the waste service. The peer team heard that the organisation was not prepared for this exercise adequately and there were challenges, for example from HR, IT and facilities perspectives. The council must therefore ensure there is sufficient programme capacity, as well as capacity in key areas such as HR, procurement, facilities and communications, to support the effective insourcing transition of leisure services and Tower Hamlets Homes back into the council. Concerns were expressed by some staff that this capacity is not currently in place.

The council has as part of its Customer Experience Strategy invested in the provision of Residents' Hubs in each of the borough's four localities, as well as an IT programme to improve access to services via a channel shift programme. The Hubs bring together the public and voluntary sector organisations to ensure that vulnerable residents and those without access to IT or who struggle to use IT can have face-to-face access to council and partner services.

From the examples noted above it is clear that the organisation is well underway with activity to deliver against the Mayor's priorities. However, the level of corporate and political capacity being directed to these priorities must not deflect from the delivery of business-as-usual activity at the council. Also, in the longer term a more comprehensive strategic vision is needed which should be co-produced with partners and communities. This strategy should be accompanied by a clear MTFs, with a workforce strategy. A delivery plan should be developed to keep track of progress.

The council needs to take steps to improve its approach to performance management which at the moment is variable across the council. Whilst performance management in Children's and Adults services is good, some service areas including housing and

regeneration have less effective performance management arrangements. There was a sense that some members feel frustrated with not understanding the performance management information presented to them. Whilst it is good to hear that the Mayor's Office are keen for the council to hold deep dives on areas which are rated 'red' in terms of performance, the council needs to develop a much more corporate approach to performance management, with clearer, more consistent processes, scrutiny at service level and by CMT and the development of a system which is understood and allows members to challenge effectively. Council performance should continue to be reviewed by the Overview and Scrutiny Committee on a quarterly basis, with focused sessions on specific service areas where required.

It is good to see that the council has committed to continue to conduct an annual residents' survey. The findings from the 2023 residents' survey were encouraging with satisfaction for all services showing an improvement since 2019 (the last comparable pre-COVID-19 survey) amongst service users. The council benchmarks the survey findings using the LGA's benchmarking framework, [LG Inform](#), which is good practice.

4.2 Organisational and place leadership

Organisational leadership

Tower Hamlets Council has experienced significant change over the past 18 months with a change of political leadership and the appointment of a new permanent Chief Executive in July of this year. It is clear that the organisation is still adjusting to these changes and is in the early stages of a transformation journey. The Mayor is providing strong political leadership and is seen as approachable by both members and officers alike. Cabinet members are passionate about delivering the council's priorities and want what is best for the residents across the borough. It was recognised however that the majority of Cabinet members that were elected in May 2022 were first time councillors and as such are still developing in their roles. It is good to see that the council has a member development programme in place and many members have signed up for [LGA's 'Leadership Essentials'](#) training. This member development is something that the peer team would strongly encourage Cabinet members to continue with. It would also be beneficial for Cabinet members to have political mentors from outside the borough.

The staff at Tower Hamlets are clearly passionate about working for the council and there is widespread understanding of the Mayor's agenda, his priorities, and their role in

delivery. Many of the senior staff in the council are clearly capable and the peer team heard that *“front line staff are accessible and helpful”* and that *“officers go out of their way to help us.”*

In addition to the appointment of the new Chief Executive, there has been a significant level of churn across a number of other senior management posts. There has been additional change too in the structure of departments with the former Place directorate being divided to form two new separate directorates, Housing and Regeneration and Communities. There is also a significant number of agency and interim staff which is causing a sense of instability which is something that the council is aware of and is taking steps to address. It was noted that at the time of the CPC, adverts for three corporate director posts had been drafted and were due to go live shortly. Making permanent appointments for key posts such as the Corporate Director for Children’s Services post will be crucial. Whilst changes at the CMT level and organisational structural changes are not uncommon following a change of Chief Executive, it is important the council now reaches a more settled state. This is clearly something that staff want, as well as looking for greater clarity on transformation and for a solution to the frustration they are feeling about current ‘bottlenecks’ within the organisation around decision making.

One of the biggest challenges that was continually referred to at Tower Hamlets is a “two-council” culture, which is impacting on the speed of decision making. Fuelling the two-council culture is an evident lack of trust from some members and officers (although it should be noted that this is not at front line level). This, if not addressed, could undermine the further delivery of the Mayor’s priorities as well as impacting on the effective operation of a number of the council’s business-as-usual functions. This mistrust between members and officers, whilst it is not uniform, is problematic and all involved need to communicate in a more open and collaborative fashion with clear and established pathways for decision making. Again, the leadership acknowledge this issue and conveyed their commitment to changing the organisational culture to develop and engender trust.

To allow for stronger collaboration between the political and managerial leadership the council should review the approach to its corporate forward plan. Members and officers must understand the process for adding items to the forward plan and reviewing it regularly. This needs to be a streamlined process with join-up between service areas,

CMT and the Mayor's Office.

Place leadership

The Mayor is very visible in the community, and he spends a significant proportion of his time meeting with residents and partners. The peer team heard the Mayor meets up to 450 residents per month at his twice-weekly surgeries and he demonstrates knowledge and understanding of the needs of the different communities in Tower Hamlets. Cabinet members and indeed those from across all parties are strong community champions which brings added strength to the council.

There are strong relationships between the council and its statutory partners. The council's community safety work for instance is considered "*sector leading*" by the police who highly value their professional working relationship with the council. The approach is data rich, with an impressive CCTV operation and strong enforcement action. This was highlighted by several individuals the peer team spoke to with one partner noting "*quality and sophistication of Tower Hamlets community safety [I've] not seen elsewhere.*" This data driven approach is something other areas of the council should seek to learn from and replicate.

Similarly, statutory and health partnerships are of a good quality with health partners in particular referencing the strength of relationships in place with adult social care. These partnerships were strengthened during the COVID-19 pandemic, when an operational management group with health and care leaders was established. This strengthened trust has led to more effective partnership working which has resulted in improvements in many areas including reducing the number of delayed transfers from acute settings.

Alongside these positive outcomes it was acknowledged that there are areas for further improvement. Like many places, further progress is needed to embed the work of the Integrated Care Partnership and Integrated Partnership Board with acknowledgement that the system remains complex to explain and navigate. It was also recognised, again as in other areas, that conversations in relation to shared budgets are very much in their infancy. The role of senior leaders in health partnerships should be leveraged to further Tower Hamlets' aims around health inequalities and this is something the council in its place leadership role should pursue.

Some of the business partnerships across Tower Hamlets are strong but less so in other areas. To rectify this the council needs to ensure time and space is made on a

regular basis for strategic conversations and ongoing wider engagement. Without this commitment to regular and planned engagement there is a risk that some current (and indeed potential) business partners will disengage. For instance, there is an opportunity to build on the Mayor's positive relationship with the Canary Wharf Group to further the council's housing ambitions. Relationships with some organisations in the third sector also require development. Tower Hamlets has a rich third sector but relationships with some providers and the council have weakened over recent months. This may in part be due to the withdrawal of the Local Community Fund and the introduction of the new Mayor's Community Grant (see section 4.3). There are however opportunities to rebuild these relationships through detailed engagement and co-production of the framework for the allocation of the Small Grants and the Emergency Grants programmes which are in development.

To enhance partnership working and ensure a more consistent strategic approach, the council should consider reviewing and streamlining its current partnership governance arrangements. Each of the partnership boards should have clear terms of reference, setting out the roles and accountability of each of the members on the board. There should also be clear reporting mechanisms for the progress and outcomes for each of the partnership boards.

Equality and diversity

The equality, diversity and inclusion (EDI) agenda at Tower Hamlets Council is well supported and valued. EDI is acknowledged as a priority area by the members, the workforce and the community, which is particularly important given the diversity of the borough. The commitment to EDI is referenced in the Strategic Plan where it is stated *"in everything we do – from the money we spend, the people we employ to the services we provide, we will consider how our decisions affect people with different characteristics."*

However, as with most organisations there is more to do on EDI. It is concerning to see, as it would be in any council, that there is no female representation on Cabinet. This is an issue that the Cabinet are fully aware of. However, this is impacting on the views that women have of the council and is something that the council should seek to address as a priority. Given the composition of the ruling administration, consideration should be given to how the voices of women and those from different backgrounds are directly influencing policy through their lived experience. The peer team also heard,

from numerous sources, that a concerted effort is required to ensure that equal levels of respect are afforded to all members and officers regardless of gender or other protected characteristics. To address this issue the council in the short term should consider reviewing the composition of council committees to ensure greater representation. In the longer term, the council should work closely with the political groups to encourage greater democratic representation. Campaigns such as the [LGA's 'Be a Councillor'](#) should be promoted locally by the council and the political parties.

The [Tower Hamlets Equalities Hub](#) and its networks provide co-ordination and a strategic focus for the council's engagement with the borough's diverse communities. The Hub is a partnership between Tower Hamlets CVS and Healthwatch Tower Hamlets and is funded by the council. Trade unions and staff networks remarked to the peer team that they felt the council has a genuine commitment to EDI.

The council has four staff networks: Women's Network, Race Equality Network, Tower Pride and N-Able. Committed staff chair these networks, and the existing internal infrastructure is generally good. There was a concern raised however that there are no clear procedures regarding how much time staff led group chairs can take from their substantive duties to develop these valuable staff networks. The council should consider developing a policy to provide clarity, and space for the development of the networks. The peer team also heard that the involvement and commitment of senior management sponsors to the staff networks was variable. The Corporate Director for Children's Services was highlighted as being an exemplar in his sponsorship of one of the networks and the council should seek to replicate this across all the networks and also ensure that when he leaves no gap arises and momentum is not lost.

As noted previously, the council has a stated aim for its workforce to be more representative of the community but there is still more to do here. For instance, there is an underrepresentation from certain racial backgrounds amongst the council workforce, with Asian and Black staff underrepresented in more senior (£60k plus salary bracket) level roles. In order to deliver against this priority there needs to be an understanding that this will take time and the council needs to consider investment in its own workforce through a proactive talent management and associated development programme. The council has developed a 'Workforce to Reflect the Community Strategy 2023/24.' Actions within this strategy include supporting underrepresented staff to undertake apprenticeships and developing bespoke leadership and management programmes.

The peer team would encourage the council to give responsibility to the Overview & Scrutiny Committee for overseeing delivery against the council's ambition on EDI.

4.3 Governance and culture

Whilst the nature of CPC is to provide critical challenge at a specific point in time and to give recommendations to support ongoing improvement, it is important for this CPC to understand the recent history at the council, when the current Mayor was previously in post, and why additional focus has been placed on some themes.

In brief, in 2014 Tower Hamlets Council faced a Best Value inspection carried out by PricewaterhouseCoopers LLP (PwC). Following the publication of the inspection report the then Secretary of State announced a statutory intervention and appointed Commissioners with decision making powers in relation to Grants, Procurement, Property, Election and Communication. An independently chaired Best Value Programme Review Board was established to provide direction, challenge, and scrutiny to assist the council in the timely and effective delivery of the Best Value requirements as set out in the statutory directions. The Board also provided quarterly update reports to the Secretary of State and came to a formal end in September 2018. Given this history, governance is an area of great sensitivity for Tower Hamlets and there is evidence that the council wants to get this right. It is understandable therefore that control and decision making has been centralised significantly. However, the council now needs to achieve the right balance between control and timely decision making to ensure that the council is operating at its optimum.

The peer team understands and supports the need for the Mayor to have an effective and dedicated support office and given the context in which the Mayor came back to the council his desire to be supported by people he trusts during the transition is also understandable. However, a consistent message that emerged from different areas of the council was that there are 'two councils' in operation at Tower Hamlets which is impacting on the speed and effectiveness of decision making. It is clear that this way of working has emerged as a result of issues of trust.

Primarily, there is a lack of trust between the Mayor's Office and senior officers, with examples of inappropriate questioning and pressure to feed things into the Mayor's Office for 'sign off'. Officers are frustrated by the fact that there are no clear rules or processes for engagement with the Mayor's Office and there no clear standards in

terms of response times for items that are referred 'up to the Mayor's Office'. This is leading to unnecessary delays, with an example of one service area waiting for four months to receive a decision on something which would have previously been a delegated decision to officers. Not only is this inefficient but is also potentially damaging to the council's reputation. Equally, it is leading to a sense of frustration from experienced officials who feel disempowered under the current ways of working. This was summed up by one officer who said: *"I know my job inside out, but I have to check with the Mayor's Office."*

While relationships are maturing, there is a sense that the Mayor's Office is acting as a filter and is preventing typical relationships between Cabinet members and lead officers from developing. Whilst council priorities are being delivered, this lack of trust between the collective leadership function of the council is detrimental to the delivery of the council's wider business. Some of the functions of the Mayor's Office are duplicating existing structures within the council, and as a result is causing confusion regarding internal governance processes. The size of the Mayor's Office is an outlier when compared to other mayoral authorities and this is largely because there are many officers there who would ordinarily be located elsewhere in the council.

An additional challenge (particularly when the administration first came to power) is that a number of people in the Mayor's Office had limited or no local government experience. As a result, there has been a lack of understanding of day-to-day operational matters. Items whilst not reflected in the Mayor's priorities, are still important (some from a statutory perspective) and need swift and effective decision making which is not always happening. This could be overcome by colleagues in the Mayor's Office expanding their understanding of different services areas. For instance, job shadowing and looking at practice in other mayoral authorities could help address this and is something that officers in the Mayor's Office expressed an interest in. Developing processes by which important decisions relating to statutory matters are prioritised quickly by the Mayor's Office for swift decision making would also help.

The council should also look to mainstream some of the functions of the Mayor's Office into the wider council redeploying some people as appropriate. For instance, as outlined above, the council invests considerable amounts of resource into mayoral and member casework undertaken in the Mayor's Office but there is frustration from many members that it is not meeting their needs.

To address this the council should look to strengthen its wider customer service function giving greater corporate capacity to handle member enquiries, complaints and FOI requests and ensure less duplication, faster responses and greater efficiency. In particular, the council needs to ensure it improves its consistency and responsiveness to FOI requests as evidenced by the improvement notice and a practice recommendation issued to the council in August 2023 by the Information Commissioner's Office. This highlighted that the council was failing to meet the statutory timeframe for responding to FOI requests. This is an issue that the council has taken steps to address already in terms of improvement to the council's responsiveness, with the last quarter's performance at a 92 per cent response rate within the statutory timeframe.

There are strong working relationships between lead members and their directors and, in line with good practice, the council has an established member and officer working protocol, a refreshed version of which is due to go to Standards Committee in November 2023.

However, despite working relationships between Cabinet members and senior officers being generally good several directors reported frustrations that their lead members do not have the delegated powers to make decisions. Cabinet members are being briefed by officers but then must brief and seek approval from the Mayor before a decision can be made. This is creating a further bottleneck and again causing delay and frustration in the system. Part of the reason for the lack of delegation may be that the majority of the Cabinet are relatively inexperienced councillors. There needs to be clear understanding about the level of delegations to Cabinet members and these should be communicated to the wider organisation. Over time and as experience builds, the council is encouraged, as it reviews its constitution, to review the scheme of delegations, and empower Cabinet members.

Another improvement which would aid more efficient and effective decision making would be to streamline internal board structures. Since the permanent appointment of the new Chief Executive six temporary boards have been established as a means of strengthening corporate grip on budget management, managing organisational restructures, oversee and drive the internal change programme, and focus on delivery of savings. However, the peer team heard of around 130 other internal boards, which is ineffective and is leading to a drain on capacity as well as blurring reporting lines and

accountability. This issue, coupled with the expectation that the Mayor or Chief Executive must have sight or sign off on all issues, is creating further backlogs and slowing the organisation down. This is not sustainable nor desirable and needs to be addressed at pace.

Aligned to this should be a review of the policy and strategy landscape. Understandably the current state includes a mix of new and old policies that reflect the transitional arrangements between the old and new administration. Nonetheless the picture is over complicated, and the organisation is missing a clear single organisational narrative. Again, this should be developed as part the longer-term corporate strategy, and transformation programme and should be mirrored in service plans and the appraisal system. The issues in this area are further complicated by the duplication of some policy and strategy roles within the Mayor's Office. As part of the recommended review of functions of the Mayor's Office the peer team would encourage the council to bring these roles together in the wider corporate policy and strategy function.

In common with some other councils, the annual accounts at Tower Hamlets have not been signed off, since 2018/19 and as a result the Annual Governance Statement had neither been drafted nor signed off since 2021. Regardless of the position with the annual accounts, councils must prepare and sign off their AGS and this is something that must be addressed immediately. The Chief Executive informed the peer team during the CPC that the council would be addressing this, and steps are being taken to prepare an AGS and publish before the end of the 2023 calendar year.

As noted above the annual accounts at Tower Hamlets, as in some other councils, have not yet been signed off. This is an issue that the current administration inherited when it took up office and indeed was something raised in the LGA Corporate Peer Challenge Revisit in September 2021 when it was recommended: *"it is imperative to continue the work currently underway to close previous years' accounts as a matter of urgency, and to have procedures in place to prevent a recurrence of the late or delayed sign off."*

It remains a concern therefore to find the council's statutory accounts from 2018/19 onwards are still unsigned due to an outstanding technical issue relating to pension liability. The council has the highest risk category deemed by external audit. It is concerning that the external auditor feels unable to give assurance on current arrangements from either a value for money or control perspective as they are focussing on outstanding accounts. This needs to be resolved as a priority.

In addition to resolving this immediate issue the council and its external auditors need to review their day-to-day relationship and focus on the here and now as opposed to only ever discussing the past accounts. New external auditors have just been appointed and in order to establish strong working relationships, the council is clear of the need for regular meetings for the Chief Executive, Section 151 Officer and external auditor to be scheduled and it is crucial that the auditors sign up to this. Also, whilst it is good practice that the three statutory officers meet regularly to consider governance issues this arrangement could be further strengthened by regular inclusion in these meetings of the head of internal audit.

Overview and scrutiny as outlined in the Localism Act (2011) gives provision for scrutiny of the executive, their policies and decision and is essential part of ensuring that councils remain transparent, accountable and open. There are improvements that could be made at Tower Hamlets to make overview and scrutiny more effective. For example, the chair of the scrutiny committee and all sub committees are currently from the ruling party (Aspire) which does not reflect best practice. This also means that all the Chairs are male.

Some female members reported that they believe that they are given less time to contribute at scrutiny meetings as well as women's community groups also reporting that they were not given permission to speak at scrutiny meetings. (However, it should be noted that women from community groups have been co-opted to the scrutiny panel which is good practice). Members of the opposition do not feel that they currently have the opportunity to influence Cabinet decisions through pre-decision scrutiny as they are often only notified three days in advance of meetings. Cross party working also needs to improve on all sides because it is having an adverse impact on the effectiveness of the scrutiny function. The council would benefit from external training with a view to implementing best practice particularly around allowing groups to choose their own members to lead areas of work and on ensuring community representation in meetings. Dedicated training for the chairs would also be beneficial. The council should consider undertaking a review of the council forward plan (as noted above) looking at the scheduling of council meetings. A good step would be to plot out the ideal timeframe for committee meetings, and to build in appropriate time for effective pre-decision scrutiny. The council should also consider adopting wider best practice in terms of representation and chairing of other committees. For instance, the council should review the current

arrangement of Cabinet members sitting on the Audit Committee. The peer team understands that steps are being taken to review the political composition of the Audit Committee and would urge the council to consider having an opposition or co-opted external member chair, and other external independent members of the committee in line with best practice in other councils.

As noted above the issue of grants allocation was highlighted in the PwC Best Value inspection and as such was a specific area of focus for the peer team. Over the past year the council has conducted a comprehensive review of the process of grant allocation. It abolished the Local Community Fund and developed a new Mayor's Grants Fund with funding of £3.5m per year for the next three years. The rationale for the new scheme was that the new fund would be aligned more closely to the priorities in the Strategic Plan. The Mayor has delegated all responsibility for the Mayor's Grant fund to the Chief Executive. A new allocation framework with clear criteria has been established and the approach has involved consultation with partners, including the VCS/third sector, external advice from King's Counsel was sought, and the process and its application was reviewed by both internal and external auditors who have given assurances regarding its robustness. As in most places the bids for grants outstripped the funds available and for this initial round of bidding demand is three times higher than the available funding pot.

Despite assurances, the implementation of the new processes has led to some third sector/VCS organisations that the peer team spoke with, felt that they have not been properly involved in the co-design of the programme and as a result their confidence is low. This needs resolving and relationships need to be reset. The council has an immediate opportunity to address this through the design and implementation of the next two grant programmes, the Small Grants Fund, and Emergency Grants Fund. The council should ensure that the robust approach to the allocation of these grants builds on the framework used for the Mayor's Community Grant Fund, with clear links to corporate priorities and ensuring openness and transparency.

A further key element to the council's grant awards approach will be the monitoring and oversight of the recipients of funding. The key performance indicators should be developed in partnership with the third sector with performance monitoring overseen by the Overview and Scrutiny Committee. The council is in the process of reinstating the Corporate Grants Register which is a good step, and there is also an opportunity to 'call

in' decisions on specific grants. One final area that should be reviewed is the current approach whereby decisions on allocations is delegated to the Chief Executive. This is unsustainable practice and delegation to officers at the appropriate level should be explored.

The transfer of property to third parties was also an area identified in the 2014 PwC report, and as such the peer team was keen to look at current practice in that area. To strengthen arrangements the council developed an Asset Management 'property procedures for disposals and lettings'⁴ document in 2019. This sets out clear council processes for lettings and disposals. The policy, which was updated further in 2021, is clear about the duties (regulatory and in line with the council's standing orders) relating to the 'council and its employees'. It is comprehensive in detail and covers themes such as: identification of surplus property, inspections, marketing, declarations of interest, disposals, transactions at less than market value, delegation of decisions and reporting to cabinet and Mayor.

A further, detailed policy was developed in 2021 which focused specifically on council premises leased to Voluntary and Community Sector (VCS) Organisations⁵. Whilst the majority of council property lettings are for commercial use and provide income for the council there is a portfolio of 65 properties referred to as the 'Community Premises Portfolio' that are let to VCS organisations on the basis that they benefit the residents of Tower Hamlets and as such provide social value.

Through the refreshed policy the council has developed a strategic approach for these lettings which 'commits the council to making best use of resources through a fair and equitable approach towards organisations using all or part of a council owned building'. Crucially, there are clear criteria for the basis upon which properties will be let, the term of the individual leases (between three and five years), and a clear marketing process, involving the local VCS/third sector, which ensures that as wide a range of organisations as possible are notified of the availability of premises and are able to express an interest.

Whilst the peer team did not get to explore this theme in detail, it is clear from the conversations the team had and from the documents that were shared that there are

⁴ <https://democracy.towerhamlets.gov.uk/documents/s152858/6.9a%20Appendix%201%20-%20Property%20Procedures%20for%20Disposals%20and%20Lettings.pdf>

⁵ https://www.towerhamlets.gov.uk/Documents/Grants_and_benefits/VCS-premises-statement-of-policy-and-procedures.docx

clear policies and processes in place at Tower Hamlets. The peer team also heard that a new overarching property and asset management strategy is in development. It is intended that this five-year strategy will bring together the current portfolio of assets, provide a strategic view of longer-term need, and identify which properties may be surplus to requirements. The peer team would encourage the council to ensure that in developing this property and asset management strategy it brings all the different elements relating to policy and procedure into one document. Furthermore, this document should provide clarity on the linkages with the emerging practice of working with developers for disposal of land for housing development. The strategy should also be clear about its broader policy intent in relation to whether the council is to adopt a 'no disposal' policy. This would need a clear rationale and explanation of the potential advantages and disadvantages.

It is also important that members understand the policy and procedures in this area and as such the council should consider including this as a topic for member induction and training.

In developing the strategy, as well as alignment with the Strategic Plan priorities, the council may wish to consider the current approach to the process of decision making. At the moment, for instance, whist decisions relating to land and property disposals (up to £250k) and the letting of property to VCS organisations are delegated to officers, prior to decisions being finalised there is a requirement for additional oversight by the Mayor's Office. As mentioned elsewhere in this report relating to other service areas across the council, this additional layer in the decision-making process can cause bottlenecks.

Given the sensitivities in this area it is understandable that the Mayor will want to assure himself and members that practice is in line with that set out in the policy and that additional oversight has been built in. However, it is important now to ensure that Mayoral oversight is formalised and recorded appropriately. To achieve this the peer team would recommend that this approach is formalised and reflected in the property and assets policy and procedures documents and is reported to overview and scrutiny.

The majority of officers and members at Tower Hamlets described the culture of the organisation as welcoming and friendly and whilst most staff are clearly proud to work for Tower Hamlets their connection is to their directorate rather than the whole organisation. This is something that the organisation should look to address through its

People First programme. Staff across the organisation appreciate the efforts that the new Chief Executive is making to hear views on how to improve the organisation through the 'tea and chat' sessions and the staff roadshows that are taking place. The council should continue with this approach as there is a clear desire from frontline staff for all senior managers to be more visible and they appreciate the opportunity to develop ideas to improve the organisation. Annual staff awards are also well received, and this celebration of staff achievements is good to see.

However, some staff are feeling demotivated about the manner and use of language about the justifiable need to improve the pace of delivery. There was concern that the workforce had worked hard to deliver during the COVID-19 pandemic, pivoted to focus on the delivery of the new priorities and adjusted to changes in leadership, but this was not being reflected within the developing narrative. This is an issue that can be easily overcome and will help to ensure staff remain motivated. It is evident that the administration and staff want the same outcomes for residents and therefore it is imperative to build a relationship of trust both ways.

One area where the council and its management should consider investing time and energy is developing some of the relationships with the Trade Unions. Some Trade Union representatives reported that to resolve issues they often go direct to members. This is an unusual way for the unions and a council to interact and indicates that the relationships with some trade unions need resetting.

4.4 Financial planning and management

Tower Hamlets has a good record over many years of balancing its books. The council is in a sound financial state and is in a relatively strong position to maintain the future financial stability of the organisation provided it maintains robust financial discipline. As mentioned previously, the closure of historic accounts is an important step in demonstrating the strength of financial controls at the council. The council has benefitted due to the changed financial assumptions on the timing of government changes to the business rates model. The Government's deferral on the re-baselining of the model has meant the budget gap across the medium term could be adjusted favourably. However, it is increasingly likely that a future business rates reform would adversely impact the position, albeit not until after the next General Election. Scenario planning and modelling for this eventuality should be carried out. At present, the council benefits from the current modelling for retained business rates with significant income

achieved (£152.6m in 2023/24).

Tower Hamlets has one of the lowest council tax rates in London (sixth lowest out of 33 London councils⁶), and the Administration has committed to freezing Council Tax, except for the Adult Social Care precept, between 2023/24 and 2026/27. This will inevitably impact on the council's base budget, particularly in the current inflationary environment. Additional efficiencies and savings will be needed to fund this decision and again options to address this should be worked up at pace.

The new Administration made a number of spending commitments following their election. To balance the 2023/24 budget, the council used £22.3m of one-off reserves. A 'Mayor's Priority Reserve' of £47m was also created during the 2023/24 budget setting process, this was funded primarily from the 'New Homes Bonus' reserve. This reserve has been used to fund priority areas such as the £5.7m investment to extend universal free school meals funding from all primary to all secondary school pupils and £7m investment to tackle climate change.

The increased spending seen has been afforded by the council's strong level of reserves which had been built up over the last decade. The council's current three-year budget plan projects a further drawdown of £20.4m of general fund reserves and that the 'Mayor's Priority Reserve' will be fully utilised by the end of 2025/26. The council's net revenue expenditure for 2023/24 is £446.2m and the opening reserve balance for 2023/24 was £219.1m which is forecast to reduce to £92.6m by 2026/27. A significant portion of this remaining reserves balance (£40.7m) being earmarked reserves with restrictions on use. The council also forecasts from 2024/25 to be at the minimum general fund reserve balance of £20m, as specified in the council's reserve policy. Reserves can only be spent once; measures will be required to ensure the future sustainability of the spending commitments.

In July 2023 the council appointed a new permanent Corporate Director of Resources (S151 Officer) and are currently out to recruit for a new Director of Finance (Deputy S151 Officer). This new officer leadership within the finance function will need to maintain effective financial controls and progress priority actions such as the development of the MTFS. Officers are developing plans for a 3-year budget model giving clarity over savings proposed and headroom for growth plans and this will need

⁶ https://lginform.local.gov.uk/reports/lgastandard?mod-metric=46&mod-area=E09000030&mod-group=AllBoroughInRegion_London&mod-type=namedComparisonGroup.

to be embedded across the council to remove some of the current uncertainty.

A single narrative about the financial picture facing the council is required which articulates to members, officers and partners the rationale for the savings requirement alongside the investment required in services, to demonstrate the imperative of delivery for the future financial sustainability of the council. At present, the peer team felt this was not widely understood.

The council's current three-year MTFS has set out a savings requirement of £37.8m to 2025/26. This is broken down as a savings requirement of £30.8m in 2024/25 and £7m in 2025/26. At quarter one, the council are forecasting a £6.7m overspend this financial year. It is imperative that the council delivers on its agreed savings, to enable funds to be released to support the budget needs of certain service areas. Important measures have been introduced to improve the delivery of savings, a necessary step as the council has a legacy of failing to deliver programmed savings. The developing transformation programme and associated governance will be integral for the approval and monitoring of the delivery of these savings and addressing current overspends.

The capital programme was subject to a review following the election of the new Administration. Several schemes were halted which had a revenue cost impact of £2.7m. The council has plans to further develop the capital strategy, which at present does not reflect in detail the council's priorities nor does it assess future strategic need. This development will be important particularly with the insourcing of Tower Hamlets Homes and the expected increase in capital and Housing Revenue Account (HRA) spend. A comprehensive assessment of the impact of insourcing is also needed to ensure the MTFS is resilient against any further pressures this may create, as the council learns from its experience on this to date and in particular the lessons from insourcing waste services.

It is good to see that an external company have been commissioned by the council to carry out a review of the HRA Business Plan to accommodate the financial pressures associated with inflation, interest rates, stock condition and planned housing growth of 800 homes by 2026. The current programme has budgeted £389.25m between 2023 – 2026 with £94.61m of this allocated for capital works to existing stock. The HRA review will also explore all financial assumptions against the affordability constraints and should also consider the assumed HRA rent increase.

Procurement was recognised as an area for development for the council. The

procurement function at present felt to officers the peer team spoke to as too operational, not in the strategic space looking upstream for contract opportunities to deliver council priorities efficiently and cost effectively. An important measure the council should look to introduce would be a standard set of terms and conditions for contract awards.

4.5 Capacity for improvement

The council is clearly committed to being a learning organisation and has a genuine appetite to explore and adopt best practice. As well as this CPC, the council has signed up to a number of other external reviews including a LGA Children's Services Peer Challenge and IIP reaccreditation. There was positive feedback from staff on the continuation of 'innovation month'. During May 2023, over 1,100 staff from across the organisation participated in sessions to hear from external speakers from other London boroughs, such as Newham and Waltham Forest, with a view to learning from best practice. Again, this is something the council should consider doing more of, including developing plans for how the learning is translated into practice, with directorates feeling empowered to drive and own innovation. Equally the council is demonstrating a high degree of organisational maturity in its positive response to critical challenge; with action planning already underway to address some of the issues raised by this CPC.

The approach to communications at Tower Hamlets is impressive. There is a clear communications strategy to ensure residents and staff are well informed. It is good that the Director of Communications attends and contributes to CMT meetings, a model that is promoted as best practice amongst local government communications professionals. The corporate communications function has led the development of a partnership approach to borough wide branding and communication in relation to cross partnership activity. There is a Tower Hamlets partnership wide publication which has an online readership of 190,000 people. Equally impressive is the proactive planning and the understanding of the reach of the communications methods with regular monitoring of the different methods of communication.

However, as in other areas the organisation needs to guard against is duplication of corporate communications functions and similar roles being carried out in the Mayor's Office. It is important that there is common understanding between members and staff across the organisation of the remit of both to avoid confusion. Equally important is the need for the council to ensure that there is widespread understanding of the rules of the

publicity code. Whilst clearly understood by senior officers, the council may want to review its social media policies and ensure all communications officers receive regular training regarding political impartiality and ensure that all members are aware of the rules of the publicity code too.

As in every council it is vital that all members, and particularly those in Cabinet positions, receive regular training and development to ensure that they can fulfil their role effectively. It was positive to see that following the May 2022 election, a member development programme was put in place. It is also positive that a number of Cabinet members have engaged with the sector training offer through the [LGA's Leadership Essentials](#) programme. It is important now given the relative inexperience of some Cabinet members and indeed some committee chairs to ensure that this approach to member development is strengthened with further support for those in senior positions. It would also be beneficial too for Cabinet members to have political mentors from outside the borough which is common practice across the sector.

The council also needs to develop a co-ordinated workforce strategy. There has been considerable churn at senior management level, which is not uncommon following a change of political and managerial leadership. However, there is a large number of agency and interim staff, with vacancies in key positions that need high quality permanent appointments. Again, this is an issue that the council is aware of, and actions are underway to progress this. As part of their approach the council must seek to ensure that they recruit the best people available and take steps to retain the many excellent staff in the council who need to feel valued, trusted and empowered. The new workforce strategy must have a clear plan for recruitment, retention and workforce development with a more consistent approach being adopted across the organisation.

The peer team heard examples of challenges in relation to recruitment linked to current pay levels which do not meet market rates. As such the new workforce strategy should include a review of the pay policy so that the council can assure itself that is able to attract and retain the very best people. The strategy should also set out how it will ensure that the Administration's ambition to have a workforce that is reflective of the diversity of the borough will be achieved.

Many of the recommendations in this peer challenge should directly inform the development of the council's transformation programme, 'People First', which is at an early stage. At the moment there are numerous projects running concurrently and the

council needs to bring these together into a coherent strategy that outlines what the programme is trying to achieve (including savings). The strategy must be aligned to the longer-term corporate plan, with simplified governance, a clear narrative and consistent language that is widely understood. At the moment there is no strong understanding by either members or officers and the structure of the programme needs simplifying. The newly established Transformation Advisory Board – chaired by the Mayor – will be critical in providing ongoing challenge to ensure the programme is developed in this way and it is suggested that progress in response to the CPC recommendations are reported to that board.

Integral to the success of the transformation programme will be the need to ensure that that corporate core is operating as an effective strategic enabler. As well as addressing the issues of ‘two council’ culture, the council needs accurate and timely management information to scrutinise and support organisational performance. Staff from across the organisation reported that there are a number of cumbersome transactional processes specifically related to finance, HR and procurement that are stifling rather than enabling delivery. This is an issue that the Chief Executive is aware of and planning to address in part by replacing out of date systems with one shared platform that is common across HR, Finance and Payroll. This will be important improvement, but the council must assure itself ensure that appropriate checks and balances within the system remain in place.

The council should also consider investing further in its IT and digital services. The council should urgently look to resolve the problems with the council Wi-Fi at the new Town Hall. This is especially important as the council looks to attract tenants for the building as well as the frustration it is causing members, officers, and partners.

The peer team heard throughout the CPC the Administration’s commitment to face-to-face access for residents with the council. This can be demonstrated with the investment in the provision of Residents’ Hubs across the borough. Whilst it is commendable, particularly the commitment to supporting those residents who are without access or struggle with IT. The council should be careful to ensure that this is a service specifically for those who cannot use online services and seek to provide the best online services for its young population. As mentioned earlier in the report, Tower Hamlets has one of the youngest populations in the country. The 2021 Census suggests that 97 per cent have digital access. A significant proportion of residents

(130,000) also have an existing digital council account. Digital alternatives for customer interaction with the council can often be preferable for residents, as well as being more cost effective. Whilst considerable investment and progress has been made in this area over the last few years, the council should continue to invest in digital pathways alongside Resident Hubs in a complementary fashion.

5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and the LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a one-day onsite progress review, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps. The progress review will take place and the follow up note will be published within 12 months from the CPC.

In the meantime, Kate Herbert, Principal Adviser for London, is the main contact between your authority and the Local Government Association. Kate is available to discuss any further support the council requires – kate.herbert@local.gov.uk.