



Department for Levelling Up,
Housing & Communities

Mike Cunningham CBE QPM
Joanna Killian
Deborah McLaughlin
Neil Gibson

Rt Hon Greg Clark MP
*Secretary of State for Levelling Up,
Housing and Communities*

**Department for Levelling Up, Housing and
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By email

19 August 2022

Dear Mike, Joanna, Deborah and Neil,

I would like to thank you for the hard work you have been undertaking at Liverpool City Council and your diligent approach to drafting your second report. I am greatly concerned to learn you have found further evidence of best value failure at Liverpool City Council. You have been clear about the depth of this systemic and whole-council failure and that immediate action is required.

I am particularly concerned with the Council's financial situation and the estimated budget gap of £98.2 million over the next four years; the structural weaknesses in the system that supports the management of public money, as the recent energy contract issue has shown; and the Council's approach to risk management. I would like to see rapid improvement in all these areas.

Your account of opaque governance and decision-making processes is also of great concern and I note the associated risk for the procurement function with the absence and now resignation of the Director of Finance and Resources and lack of cabinet member for finance. It is essential that there is a cabinet member with finance responsibility as well as a strong officer director and I would ask that you work with the Mayor to secure this and to keep me updated on developments. It is vital that the managerial leadership of the authority work closely with commissioners to instil the necessary pace, urgency and grip needed to improve the Council.

Overall, I agree with your assessment that the Council continues to fail in its best value duty and, therefore, I am minded to expand the intervention. I am minded to appoint a commissioner to oversee the financial functions of the Council, for you to be given executive powers on recruitment and for functions associated with governance and financial decision making to be transferred to you. My officials have today written to the Council, inviting them to make representations on my proposals by 2 September.

I am also announcing that I intend to establish a Liverpool Strategic Futures Advisory Panel to guide the city through its present difficulties to the bright future it deserves. The Panel will complement the work you are undertaking at the Council and is to be chaired by Mayor Steve Rotherham with Baroness Blake of Leeds CBE and Sir Howard Bernstein joining him. I will invite the three panellists to nominate a practising businessman or woman to join them.

The Panel will report directly to me, alongside you as commissioners, and craft a plan for Liverpool's revival as a city. I will ask them to meet regularly with the City Mayor, Joanne Anderson, and her cabinet, and with you. I expect their work to be complementary to yours, and for you to work closely together to help the Council make the right decisions and give the people of Liverpool the local council they deserve.

This is a troubling and unsettling time for both the Council and the residents of Liverpool, but I am determined that today should be a turning point so that the city can count on the bright future that it deserves and is capable of achieving. If there is anything further that I can do to support you with the intervention at any time, then please do not hesitate to contact my officials.

Yours ever,

RT HON GREG CLARK MP
Secretary of State for Levelling Up, Housing and Communities