



Ministry of Housing,  
Communities &  
Local Government

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Tony Reeves  
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17 December 2020

Dear Mr Reeves,

Thank you for the response you provided to my letter of 8 December setting out the points requested in respect of property disposals and governance arrangements in relation to specified functions within Liverpool City Council.

Having reviewed the information provided, the Secretary of State recognises the steps the council has taken to improve governance and assurance processes, particularly with respect to the authority's planning, highways, regeneration and property management functions, as well as broader measures intended to prevent fraud and corruption. However, the Secretary of State has concluded that, given the seriousness of the issues identified through the police investigation, and to support the council to continue to strengthen its governance, and deliver services for the people of the city, he would like direct, independent assurance that the council is complying with its Best Value Duty.

As you will see from the attached letter, the Secretary of State has therefore, in exercise of his powers under section 10 of the Local Government Act 1999, as amended by the Local Audit and Accountability Act 2014 (the 1999 Act), appointed Max Caller CBE as the person to carry out an inspection of the compliance of the authority known as Liverpool City Council with the requirements of Part 1 of the 1999 Act in relation to the authority's planning, highways, regeneration and property management functions and the strength of associated audit and governance arrangements.

In making this appointment, the Secretary of State has had regard to:

- a) The Merseyside Police investigation into fraud, bribery, corruption and misconduct in public office, which involves a significant connection to Liverpool City Council.
- b) The response you submitted to the department on Friday 11 December 2020 in respect of governance arrangements, oversight and control measures within the Council including details of the measures and controls implemented during the course of the last eighteen months.

The Secretary of State has given certain directions to Max Caller CBE in relation to his undertaking the inspection.

First, in undertaking the inspection in relation to the authority's functions specified above, and without prejudice to the scope of this inspection, he is directed to consider, in the exercise of those specified functions, whether the authority has effective arrangements in place for securing best value in its planning, highways, regeneration and property management functions and the strength of associated audit and governance arrangements.

Second, he is directed to report the findings of the inspection to the Secretary of State by 31 March 2021, or such later date as he may agree with the Secretary of State.

The Secretary of State may, following receipt of Max Caller's report or otherwise, issue further directions to him.

Section 11 of the 1999 Act provides that an inspector has a right of access at all reasonable times to any premises of the authority and to any document, including electronic documents, relating to the authority which appear to the inspector to be necessary for the purposes of inspection. Statute also provides that the authority shall provide the inspector with every facility and all information which the inspector may reasonably require for the purposes of inspection. In this context, you should ensure that, from the date of this letter, no documentation or records, whether electronic or paper, should be destroyed. The authority must pay the reasonable fees of the inspector and any assistant inspectors whom the Secretary of State may appoint at the inspector's request. You may wish to consult my team here for advice on this. Details have been communicated separately.

Finally, a memorandum of understanding will be developed between Merseyside Police and the Inspector to ensure that:

- a) The inspection is carried out in a way that does not prejudice the ongoing criminal investigation; and
- b) Any information that may be relevant to the criminal investigation is shared by the Inspector with the police.

Thank you for the positive and engaged approach you have taken to the Ministry's requests to date. I know that you will ensure full co-operation with the inspection, and hope we can work together to prevent fraud and corruption and help the city run effectively.

Your sincerely,

**CATHERINE FRANCES**