



Ministry of Housing,
Communities &
Local Government

Catherine Frances
Director General, Local Government,
Strategy & Analysis
**Ministry of Housing, Communities
& Local Government**
2 Marsham Street
London SW1P 4DF

Max Caller CBE
By email

17 December 2020

Dear Mr Caller

Appointment under section 10 of the Local Government Act 1999

For some time there have been concerns about planning, highways, regeneration and property management at Liverpool City Council. The current police investigation into these matters has a significant connection to the City Council.

Having had regard to the information below, the Secretary of State has decided to proceed with a best value inspection to provide direct, independent assurance that the council is complying with its Best Value Duty:

- 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 Liverpool City Council 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.

It should be noted that having reviewed the information provided by Liverpool City Council, 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 compliant with its Best Value Duty.

I am therefore writing to inform you that the Secretary of State, 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), hereby appoints you as the person to carry out an inspection of the compliance of 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.

The Secretary of State also, in exercise of his powers under section 10(4)(b) of the 1999 Act, gives you the following directions in relation to your 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, you are 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, you are directed to report the findings of the inspection to the Secretary of State by 31 March 2021, or such later date as you may agree with the Secretary of State. The Secretary of State may, following receipt of your report or otherwise, issue further directions to you.

Section 12 of the Local Government Act 1999 provides that the authority to be inspected must pay the Inspector's reasonable fees for carrying out the inspection. As to practicalities of your appointment as inspector, we will provide you with an appropriate administrative team to support you in your role as inspector, and any assistant inspectors whom the Secretary of State may appoint at your request.

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) The Inspector(s) share any information that may be relevant to the criminal investigation with the police.

Your sincerely,

CATHERINE FRANCES