

DIRECTIONS UNDER SECTION 15(5) AND (6) OF THE LOCAL GOVERNMENT ACT 1999

1. The Secretary of State for Housing, Communities and Local Government (“the Secretary of State”) has carefully considered the following in respect of Liverpool City Council (“the Authority”):
 - i. the Report of the Best Value Inspection of Liverpool City Council by Max Caller CBE of 19 March 2021 (“the Report”) given to the Authority on 19 March 2021 and published on 24 March 2021;
 - ii. the letter from Max Caller CBE to the Secretary of State dated 19 March 2021;
 - iii. the representation made on 24 May by the Authority on the Report and on the proposed Directions;
 - iv. a representation from the Centenary Action Group dated 12 April 2021;
 - v. a representation from Unlock Democracy dated 22 April 2021; and
 - vi. representations from 13 members of the public received during the representation period (24 March 2021 to 24 May 2021).
2. The Secretary of State is satisfied that the Authority is failing to comply with the requirements of Part I of the Local Government Act 1999 (“the 1999 Act”).
3. The Secretary of State, having considered the representations made by the Authority as required by section 15(9) of the 1999 Act, and those listed above, considers it necessary and expedient, in accordance with his powers under section 15(5) and (6) of the 1999 Act, to direct the Authority as set out below in order to secure the Authority’s compliance with the requirements of Part I of the 1999 Act, in particular:
 - To rebuild the highways, regeneration and property management functions of the Authority, together with their interaction with planning functions and associated audit, scrutiny and governance arrangements, to address the serious failings in these areas over recent years and ensure conformity with the best value duty, thereby delivering improvements in services and outcomes for the people of Liverpool;
 - To consider and consult upon a new submission to the Local Government Boundary Commission for England as part of the current boundary review, which includes consideration of a proposal to reduce the number of Councillors to those consistent with elections on a predominantly single member ward basis and be approved by the Commissioners, thereby increasing accountability to the electorate in Liverpool.

4. Pursuant to his powers under section 15(5) and (6) of the 1999 Act, the Secretary of State directs:
 - i. the Authority to take the actions set out in Annex A to these Directions;
 - ii. that the functions of the Authority specified in Annex B to these Directions shall be exercised from the date of these Directions by the Commissioners acting jointly or severally; the Commissioners being persons nominated by the Secretary of State for the purposes of these Directions as long as those nominations are in force;
 - iii. that, from the date of these Directions, the Authority shall comply with any instructions of the Commissioners in relation to the exercise of the functions specified in Annex B, and shall provide such information and assistance as the Commissioners may require for the purpose of exercising the functions specified in Annex B.
5. These Directions shall remain in force until 9 June 2024 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Signed on behalf of the Secretary of State for Housing, Communities and Local Government.

Catherine Frances
Senior Civil Servant in the Ministry for Housing, Communities and Local Government

10 June 2021

ACTION THE AUTHORITY IS REQUIRED TO TAKE

In this Annex, the following expressions have the following meanings –

“statutory officer” means any of: the head of paid service designated under section 4(1) of the Local Government and Housing Act 1989, the chief financial officer designated as having responsibility for the administration of the Authority’s financial affairs under section 151 of the Local Government Act 1972; the monitoring officer designated under section 5(1) of the Local Government and Housing Act 1989, (and the expressions “statutory officer” and “statutory office” are to be construed accordingly);

“the Authority” includes the Mayor, the Cabinet Members, any committee or sub-committee; and any other person who has responsibility for the matter in question; and

“member of the Authority” includes the Mayor.

The actions to be taken by the Authority are:

1. To prepare and implement an Improvement Plan to the satisfaction of the Commissioners (which may include or draw upon improvement or action plans prepared before the date of these Directions), with, as a minimum, the following components.
2. In the first 12 months review and implement changes to the Council’s constitution which will:
 - (a) Improve the ethical governance framework to best practice incorporating the Local Government Association model code and a fully functioning Standards Committee;
 - (b) Constitute the Audit Committee as a stand-alone committee with a direct reporting line to full Council and a right to have its recommendations considered by the Executive Mayor and Cabinet, with either an independent Chair or an Independent Technical Advisor;
 - (c) Re-establish Scrutiny activity in line with Statutory Guidance ensuring that Councillor leadership of the activity is on a cross party basis and with appropriate officer support;
 - (d) Introduce best practice Standing Orders and Regulations for contracts and property disposals;
 - (e) Review the scope, content and reporting of all delegated powers;

- (f) Establish a specific code of conduct for all Members in connection with Planning and Licencing matters;
 - (g) Require mandatory training of Members in key activities, including behaviours, before participation in Council activities other than full Council; and
 - (h) Improve the content and updating of declarations of interests and gifts and hospitality, for both Members and Officers.
3. To consider and consult upon a new submission to the Local Government Boundary Commission for England as part of the current boundary review. The submission should include consideration of a proposal to reduce the number of Councillors to those consistent with elections on a predominantly single member ward basis, completed to the satisfaction of and approval by the Commissioners.
 4. To obtain the consent of the Commissioners before the Authority, at either Member or Officer level, agree Heads of Terms for any property transaction and subsequent consent before any legally binding commitment is entered into;
 5. To review, in the first 24 months, the roles and case for continuing with each subsidiary company of the Authority. For those companies that it is agreed to continue, ensuring that the Directors appointed by the Authority are appropriately skilled in either technical or company governance matters to ensure each Board functions effectively under the terms of an explicit shareholder agreement and a nominated shareholder representative. For those companies which it is determined not to continue with in this form, to establish a plan to internalise, close or sell as appropriate;
 6. To consider and approve a suitable officer structure for the Authority which provides sufficient resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting within 6 months;
 7. To oversee a detailed structure and strategy for the Highways function in short and medium-term as set out in the Highways section of the Report;
 8. To establish a plan to deliver an effective file management system so that the Authority can more easily comply with its statutory and managerial responsibilities;
 9. To devise and implement a programme of cultural change which ensures both Members and Officers understand their respective roles and the way in which the Authority and its activities are regulated and governed, and the way in which this is monitored, and breaches rectified;
 10. To allow the Commissioners at all reasonable times such access as appears to the Commissioners to be necessary:
 - (a) to any premises of the Authority;
 - (b) to any document relating to the Authority; and

(c) to any employee or member of the Authority.

11. To provide the Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions;
12. To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them;
13. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request; and
14. To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of these Directions.

ANNEX B

FUNCTIONS OF THE AUTHORITY TO BE EXERCISED BY THE COMMISSIONERS

In this Annex –

“statutory officer” means any of: the head of paid service designated under section 4(1) of the Local Government and Housing Act 1989; the chief financial officer designated as having responsibility for the administration of the Authority’s financial affairs under section 151 of the Local Government Act 1972; the monitoring officer designated under section 5(1) of the Local Government and Housing Act 1989, (and the expressions “statutory officer” and “statutory office” are to be construed accordingly);

“the Authority” includes the Mayor, the Cabinet Members, any committee or sub-committee; and any other person who has responsibility for the matter in question; and

“member of the Authority” includes the Mayor.

The Commissioners shall exercise –

(1) All executive functions associated with highways, regeneration and property management at the Authority; and

(2) All non-executive functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as statutory officers, or the Assistant Director Governance, Audit and Assurance or equivalent, to include:

(a) the functions of designating a person as a statutory officer and removing a person from a statutory office; and

(b) the functions under section 112 of the Local Government Act 1972 of –

(i) appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and

(ii) dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.