



Ministry of Housing,
Communities &
Local Government

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Director General, Local Government, Strategy & Analysis

Ministry of Housing, Communities & Local Government

2 Marsham Street

London SW1P 4DF

Tony Reeves
Chief Executive, Liverpool City Council
By email

10 June 2021

Dear Mr Reeves,

LIVERPOOL CITY COUNCIL: INTERVENTION

I am writing to inform you that the Secretary of State for Housing, Communities and Local Government has today made Directions, under section 15(5) and (6) of the Local Government Act 1999, in relation to your Authority. I enclose a copy of the Directions, together with an explanatory memorandum.

The Secretary of State has also confirmed his intention to make an Order using his powers in the Local Government Act 2000 providing for whole council elections to be held in Liverpool every four years from 2023. In addition to providing for whole council elections in 2023, the intention is for this Order to postpone the 2022 elections and to shorten the Mayoral term to enable any future mayoral election to coincide with the 2023 all out elections. The Secretary of State for Communities and Local Government considers this key to achieving the fresh start your Authority needs.

The Directions implement the intervention package which the Secretary of State proposed on 24 March 2021 and which were set out in my letter to you of that date, with two clarifications, which are described below.

You will see that the Directions and explanatory memorandum provide for the Secretary of State to nominate a team of Commissioners: a Lead Commissioner, a Local Government Improvement Commissioner, a Highways Commissioner and a Regeneration Commissioner. The Secretary of State has nominated Mike Cunningham QPM as Lead Commissioner, with Joanna Killian as Local Government Improvement Commissioner, Neil Gibson as Highways Commissioner and Deborah McLaughlin as Regeneration Commissioner.

The Secretary of State has made a number of provisions in the Directions in relation to the Commissioners, including providing for them to perform certain functions and having roles overseeing actions which the Authority is to perform. The Commissioners are accountable to the Secretary of State in that they have been nominated by him and can have their nomination withdrawn by him.

The Directions set out the following functions to be exercised by the Commissioners:

- All executive functions associated with regeneration, highways and property management at the Authority; and
- 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, and the designation of those persons as statutory officers.

This Direction has been extended to include the role of Assistant Director Governance, Audit and Assurance in addition to the statutory officers.

The exercise of these functions should enable the Commissioners to oversee the reset that is needed and ensure that the work that is currently being undertaken is continued at pace and embedded. It is envisaged that, in exercising any function, the Commissioners will have regard to any views of the Authority's Members and officers arrived at through their normal processes of consideration. The Secretary of State's intention is that the powers he has provided to the Commissioners should only be used as a last resort should the Authority not satisfy the Commissioners in their improvement processes.

The Directions require your Authority to take certain actions:

- To prepare and implement an improvement plan to the satisfaction of 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.
- 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.
- h) Improve the content and updating of declarations of interests and gifts and hospitality, for both Members and Officers.
- 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 approved by the Commissioners.
 - 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.
 - 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.
 - 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.
 - 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.
 - 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, and
 - 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.

You will wish to note that, in response to representations received, the requirement to consider and consult upon a new submission to the Local Government Boundary Commission for England (LGBCE) has been amended to clarify that the submission should include consideration of a proposal to reduce the number of Councillors to those

consistent with elections on the basis of *predominantly* single member wards, completed to the satisfaction of and approval by the Commissioners. That is single member wards across the whole Council area save where the LGBCE consider a multi member ward is essential to balance their statutory duties of delivering electoral equality, reflecting interests and identities of local communities, and of promoting effective and convenient local government.

I appreciate that the Council has already started taking steps in relation to these actions, and I thank you for the detail you have provided. I also welcome the support you are seeking from the sector, and in particular from the Chartered Institute for Public Finance and Accountancy. The Secretary of State is mindful of the lessons from past interventions which suggest that, once Commissioners are in post, additional issues can arise. You will wish to be aware that he has therefore asked Commissioners to specifically support you on the following: the Council's LGBCE submission; the Council's governance referendum; the financial position of the Council; and broader service delivery insofar as they raise concerns for the Council's wider improvement journey.

The Directions also require your Authority to take certain actions, including providing the Commissioners with such reasonable amenities, services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions; and to allow the Commissioners at all reasonable times access to any premises of your Authority, to any document relating to your Authority, and to any employee or member of your Authority.

In addition to the administrative support you will be providing to the Commissioners, the Department has made arrangements for an MHCLG civil servant to be appointed as Chief of Staff, with a Deputy Chief of Staff for at least the first six months of the intervention.

The Directions also require your Authority to pay the Commissioners reasonable expenses and such fees as the Secretary of State determines to be paid to them. The Secretary of State is mindful of the need for Commissioner remuneration to represent value for money for local taxpayers. In recognition of the nature and scale of the intervention, he has determined fees of £800 per day for the lead Commissioner, and £700 per day for assistant Commissioners. As Joanna Killian will remain an employee of Surrey County Council for the duration of her role as a Commissioner, your Authority will need to work with the Council to agree the appropriate payment arrangements for this fee. The Secretary of State also expects the Commissioners to be paid reasonable expenses in accordance with the rules for senior officers set out in your Authority's staff handbook.

The Directions will remain in force until 9 June 2024 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Finally, you will wish to note that the Secretary of State has asked for six monthly reports from the Commissioners, or at such other times as he might agree with the Commissioners, which allows for a process for regular review of whether it would be appropriate for any function exercisable by the Commissioners to be returned to the Authority. The Secretary of State has not ruled out the possibility that further functions might be brought under the control of the Commissioners. The first report is expected as soon as is practicable within the first three months.

I am copying this letter to your Authority's Section 151 Officer and Monitoring Officer.

Yours sincerely,

CATHERINE FRANCES