

8 NOVEMBER 2022 DIRECTIONS

These directions operate in conjunction with the [Directions](#) issued on 10 June 2021 and should be read together.

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

1. The Secretary of State for Levelling Up, Housing and Communities Government (“the Secretary of State”) has carefully considered the following in respect of Liverpool City Council (“the Authority”):
 - i. the Second Report from the Commissioners published on 19 August 2022;
 - ii. the representation made on 30 August 2022 by the Authority on the Second Report and on the proposed expansion to the Directions;
 - iii. a representation from Councillor Kemp dated 25 August 2022;
 - iv. 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”).

2. 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 expand the intervention provided for in the Directions issued on 10 June 2021 and secure the Authority’s compliance with the requirements of Part I of the 1999 Act, in particular:
 - To rebuild the finance function of the Authority, to address failings identified that relate to managing public money, capacity and capability, governance and decision making and risk management;

 - To continue to rebuild the governance capacity of the Authority, addressing the deep-seated culture of poor governance and leadership; and

 - To restore public trust and confidence in the Authority by putting an end to any of the Authority’s activities, practices, and omissions which are, or risk being, not compatible with the best value duty.

3. Pursuant to his powers under section 15(5) and (6) of the 1999 Act, the Secretary of State also 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.
4. 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 Levelling Up, Housing and Communities.

Maxwell Soule

Senior Civil Servant in the Department for Levelling Up, Housing and Communities

Date: 8 November 2022

ACTION THE AUTHORITY IS REQUIRED TO TAKE

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

“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.

The actions to be taken by the Authority are:

1. To undertake any action that Commissioners may reasonably require to avoid so far as practicable incidents of poor governance or financial mismanagement that would, in the Commissioners’ reasonable opinion, give rise to the risk of the Authority failing to comply with its best value duty.
2. To progress recommendations set out in the Commissioners’ Second Report:
 - (a) Strengthening financial resilience, management and accountability and drastically improve income collection.
 - (b) Finalising a fully costed plan for restructuring the organisation by June 2023.
 - (c) Designing and implementing a new audit model alongside a clear corporate planning process and strong assurance framework that imbeds a new governance model within 12 months.
 - (d) Finalise the Authority’s transformation programme including completing a diagnostic review of the procurement function, taking steps to rebuild trust with residents and improving FOI performance.
 - (e) Implement service level recommendations as outlined by Commissioners.

FUNCTIONS OF THE AUTHORITY TO BE EXERCISED BY THE COMMISSIONERS

In this Annex –

“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

The Commissioners shall exercise –

1. The requirement from section 151 of the Local Government Act 1972, to make arrangements for the proper administration of the Authority’s financial affairs, and all functions associated with the strategic financial management of the Authority, to include:
 - (a) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority’s ability to fulfil its best value duty; and
 - (b) providing advice and challenge to the Authority in the setting of annual budget and a robust medium term financial strategy (MTFS) for the Authority.
2. Powers in relation to the appointment, organisation and performance of staff, specifically:
 - (a) All executive powers relating to the appointment, suspension and dismissal of direct reports to the Chief Executive and their direct reports (tiers two and three);
 - (b) All non-executive powers with relation to the organisation of the Authority’s staff, their appointment and management; and
 - (c) The right to take part in the performance appraisal of the Chief Executive and any direct report to the Chief Executive (tier two).
3. All functions associated with the governance and scrutiny of strategic decision making by the Authority.