
Liverpool City Council Commissioners

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Dear Secretary of State,

We are writing to update you on the progress of the intervention in Liverpool City Council. This report marks the halfway point of the intervention, intended from the outset to last three years. In our last report, we set out concerns that the Council had not correctly assessed the nature and scale of the improvements required and was therefore not making sufficient progress. We concluded that an expansion of the intervention, and the appointment of a Finance Commissioner, was necessary. Six months on from that report, we believe that there is now cause for cautious optimism for the improvement journey of the Council. The leadership of the Council, at political and officer level, have shown grip and determination to improve at pace. There remains much to be done to meet the challenges of the next 18 months. While not certain, if the leadership maintains the focus, energy and commitment observed in recent months, we have confidence the required progress will be made. The improvements include:

- Officers have developed credible options, at pace, to meet the significant budget gap. The Mayor and Cabinet have shown commendable political leadership to take the difficult decisions necessary to set a balanced budget
- The Council has a more corporate approach to senior decision-making, with a robust forward look, and with silo-working now diminishing. The senior leadership team are committed to open communication with staff
- A new organisational structure has been agreed to improve capacity and capability, and progress is being made on recruitment
- A robust transformation programme has been established and is working to reduce costs and improve the quality of services
- Tactical improvements are starting to show, for example: increased collection of income tax, reduced lease renewal backlog, and an audit plan now in place.

However, the next six months represents a period of profound change for the Council. This is a period of great opportunity, but changes of this magnitude inherently carry risk. These risks will require close management:

- 2023 will see new political leadership in the Council with a change of governance model and all-out elections to new boundaries
- Spring 2023 will see significant change to the top of the organisation, including a new Chief Executive and S151 Officer. This must not be allowed to disrupt the pace of progress at the Council
- Budget decision-making and implementation alongside a Council-wide transformation programme will require careful management and corporate ownership across the organisation

- Intervention service areas still have a long way to go to meet Commissioners' criteria for a stable service
- Culture change requires sustained engagement from staff at all levels of the organisation.

To describe progress made and highlight the challenges that remain, we discuss the following areas in our report: finance, people and governance, and areas of intervention. The Council Interim Chief Executive and Mayor are aware of this report, they have both reviewed a draft copy, for factual accuracy.

We look forward to discussing the Council's recent progress with you in due course.

Yours sincerely,

Mike Cunningham, Joanna Killian, Neil Gibson, Deborah McLaughlin & Stephen Hughes
Commissioners for Liverpool City Council

Introduction

1. Commissioners were appointed to work with Liverpool City Council (LCC) on 10th June 2021. This report is written 18 months into a three-year intervention. In our two previous reports, we were concerned with the lack of progress the Council had made. However, at the half-way point, we believe that there is cause for cautious optimism that improvements are being made and that the required urgency has been adopted by the senior team, who are determined to deliver good services to the people of Liverpool. Throughout our time in the Council, we have been struck by the professionalism and dedication of many committed public servants and Councillors who work for LCC.
2. The journey to get to this point has not been straightforward. In the first year of the intervention, we observed that LCC, at officer and political level, had not correctly assessed the nature and scale of the improvements required if the organisation was to meet its responsibilities to the people of Liverpool. We entered an organisation that had, for years, failed to meet Best Value, and without urgent, transformative action, would continue to do so. The tactical successes of the first year of the intervention, while welcome, did not give us confidence that the organisation had adopted the approach necessary to make the required changes. Many staff have been clear with Commissioners that improvements are essential if they are to do their jobs effectively for the public they serve. They have often felt frustrated by the lack of progress they experience.
3. We concluded in the second report, published August 2022,¹ that the officer leadership of the Council lacked the necessary grip, urgency and pace to tackle the challenges. We set out our significant concern about the financial challenges facing LCC, and as a result, requested an extension to our powers and the addition of a new Commissioner. The Secretary of state granted this extension of powers, and appointed Stephen Hughes as Finance Commissioner.
4. We can report, in the six months since that letter was published, that the situation has changed. The leadership of the council has markedly improved. There has been a step change in the urgency and grip demonstrated to tackle the challenges facing the Council. There is now a shared understanding between Commissioners, the officer leadership, and the elected Members of the scale of the challenge and the need for transformative change.
5. The key factor in the sustained shift we have witnessed is the leadership of the interim Chief Executive, Theresa Grant OBE, supporting the political leadership of the Mayor and Cabinet. The change in approach demonstrated by officers in fixing the internal workings of the Council since our last report would not have been possible without the political leadership shown by the Mayor. Both aspects of executive leadership are now united in recognising the scale of change required.
6. There remains much to do to address the issues identified in the Best Value inspection report that triggered this intervention and the issues identified by Commissioners during the course of our work. It is essential that LCC sustains and embeds this momentum if the necessary changes are to be made within the intervention period. While not certain, we have increasing optimism that if the leadership focus, energy and commitment observed in recent months is sustained and embedded, then the required progress will be made.

¹ Liverpool City Council: Commissioners' second [report](#), published 19 August 2022, GOV.UK

7. The Council is about to enter a period of profound change, with political and officer leadership transitioning concurrently, and a transformation programme changing the core services the Council manages within a tight budgetary context. This is a significant opportunity for the Council to sustain its improvement. However, it also presents risk that will need to be carefully managed over the next six months if this opportunity is to be realised. The success of the Council's improvement journey is contingent on the stewardship of the Council through this period.

The Council's improvements include:

8. The budget-setting process for 2023/24 is the standout example of improved leadership. The interim Chief Executive and the interim S151 officer worked at pace with the corporate management team (CMT) to provide credible options being proposed to deal with the significant revenue funding gap. The Mayor and the Cabinet displayed political leadership to work with the Labour group to support difficult choices to secure a balanced budget. Challenges remain in implementing the budget, which will require further determined leadership. We welcome the Mayor's decision to appoint a permanent lead for finance in the Cabinet.
9. There has been a great deal of effort put into building a coherent senior officer leadership team, which is resulting in a more collegiate approach to problem-solving and service improvement. The silo working that we observed at the start of the intervention is diminishing.
10. There is a senior leadership commitment to more open communication with staff. It is encouraging that this communication is open to receiving the views and opinions of all staff. The interim Chief Executive has had physical and virtual set-piece communication events as well as more informal contact with staff at all levels of LCC.
11. A theme of our previous two reports has been issues of capacity and capability across important areas of LCC. Whilst the challenges remain there has been long-awaited progress in agreeing a new organisational structure for the Council which in turn is allowing for the appointment of senior staff to roles which have either been vacant or occupied on an interim basis. There are highly capable interim leaders in LCC, but it is in the interests of the Council for permanent appointments to be made. Progress has begun here, with important appointments including the Corporate Director of City Development, Director of Procurement, and Director of Internal Audit, among others, already concluded.
12. The Council has embarked upon an ambitious transformation programme to deliver the savings outlined in the 2023/24 budget. A key aim of this programme is to reduce cost in the major service areas while improving the service residents receive. The Interim Chief Executive has set the direction on the transformation programme and gripped the immediate priorities. A transformation partner has been commissioned to drive the programme forwards under the direction of the Transformation Board. This programme complements the work already in train on the Finance Improvement Programme (FIP), highlighted below.
13. In addition, the progress in the corporate leadership of the Council, has contributed to some tangible practical improvements. There has been more than a 50% increase in the Council's rate of tax arrears collection, there are more robust processes in place for Cabinet decisions, and the Council have reduced their backlog of lease renewals. Additionally, the Council now

has a proper audit plan in place. These tactical improvements illustrate some of the practical impacts of a Council that is taking the steps necessary to improve.

14. Alongside praise of the interim Chief Executive's role in improvement, we want to acknowledge the excellent contribution of the Director of Adult Services who stepped up to the role of interim head of paid service, following the departure of the previous Chief Executive in July, and continues to provide leadership as Deputy Chief Executive. She began the process of galvanizing the senior leadership team which has continued in earnest under the current leadership. We would also like to give credit to the entire corporate management team for their leadership and their commitment to the transformation necessary to ensure the Council can meet the challenges it faces.

Risks

15. We are optimistic for the future of LCC. However, there are significant risks ahead. Many of these risks are natural products of a transformation process. For a Council on a rapid improvement journey, those changes often must happen concurrently. Changes of this magnitude inherently carry risk. To succeed, the Council must manage its risks properly. These include:
 - 2023 will see new political leadership in LCC with all-out elections in May, and the move away from the Elected Mayor model to Leader and Cabinet. These changes bring significant opportunity but there is also a risk that they will interrupt or even stall the momentum that has been developed in recent months; that cannot be allowed to happen.
 - Officer stability. There are still many interims in senior roles. Spring 2023 will see significant change at the top of the organisation, including a permanent Chief Executive and S151 officer. At the same time, over a dozen service reviews will be taking place across LCC this year, creating officer instability at the service delivery end of the organisation, as well as in senior management. This must not interrupt pace and urgency of progress, filling the entire Tier 1 to Tier 3 structure with permanent posts by June 2023 as planned will help provide stability.
 - Budget decision-making and implementation, alongside a Council-wide transformation programme will require careful management and corporate ownership across the organisation. The Council has had a mixed record in delivering budget savings. This requires a step-change if sound financial management is to be achieved. Improvements are also needed in the capital strategy and programme.
 - The Intervention service areas still have a long way to go to meet Commissioners' criteria for a stable service. Although the required cultural and operational shifts have begun, they have not yet been embedded within service area practice.
 - Culture change. Improvement at the Council is dependent on the genuine engagement and investment of staff. For the culture change programme to succeed and deliver the improvements required, it must secure sufficient engagement from across the Council.

- The leadership situation in Children's Services is a risk for the Council. The Director of Children's Services moved to another Council in early February. The Assistant Director Children's Services is due to retire at the end of March. LCC are committed to addressing this urgently, but the transition in leadership remains a risk to a critical service.
16. It is essential that LCC sustains and embeds this momentum if the necessary changes are to be made within the intervention period. Success for service area improvement depends on the proper management of these risks.
 17. To further explore progress made and highlight the challenges that remain, we discuss the following areas in our report: finance, people and governance, and areas of intervention. This structure allows us to give a comprehensive view of where the Council are in their improvement journey.

Chapter 1: Financial management and budget setting

18. In the Commissioners' second report, we concluded that the financial situation LCC faced was stark. There was an absence of leadership of the Finance function following the resignation of the Director of Finance, combined with deep seated problems with financial management and financial resilience. In addition, there were significant financial pressures facing the Council in the current year and forecast for future years, with no clear identification of how they were going to be managed.
19. The appointment of the new Interim Chief Executive and an Interim S151 Officer has led to a step change in the energy and commitment to tackling these issues. There has been a good process to produce a revenue budget for 2023/24 and forecast spending for future years which is nearing conclusion (although it should be noted that the capital element is less robust). Additionally, the Council's Financial Improvement Programme is partly integrated with the Transformation Board to systematically address the recommendations in two CIPFA reports. Plans have been produced for improvements in most areas and some tangible progress has been made. Gaps in this programme remain, such as the culture review, improvements in performance management and a thorough review of the balance sheet. The Council has plans in place to address these gaps.
20. There is still a long way to go to embed change within the organisation. The implementation of the programme also faces significant risk. Some of these are typical of the risks all local authorities face at a time of increased financial pressures, but there are some issues unique to Liverpool which make the situation more difficult.

Budget process

21. In early autumn 2022, the Council was predicting a budget gap (excess of spending over income) of £73 million in 2023/24, rising to over £107 million by 2025/26. This gap was driven by several factors. Some were national pressures, such as increases in demand for critical statutory services, inflation, the continuing impact of COVID-19 and the economic recession. Others were specific to Liverpool, such as not delivering previously planned savings and actions needed to repair impairments to the balance sheet. At that time, there was no effective process in place to address the predicted budget gap.

22. The new Interim Chief Executive and S151 Officer spurred the senior officer team to make this the key priority. Within a matter of weeks, saving options of over £80 million for 2023/24 had been identified. This involved some difficult choices. The Mayor and Cabinet showed political leadership to lead a mature and realistic conversation on these choices with members. Councillors were effectively engaged in scrutinising these options and a package of over £70 million for 2023/24, rising to £104 million in 2025/26, was agreed for Public Consultation in early December.
23. It is testament to the quality of this process that the chief executive of CIPFA commented to the budget documents produced in November 2022 with an encouraging statement: “It is always helpful when good practice emerges from failure. The draft Budget for 2023 and MTFS developed by the council in conjunction with commissioners, provides a very valuable template to others on how to conduct and present medium-term financial planning.”
24. About half of the savings in 2023/24, rising to almost three quarters by 2025/26, are described as “transformational”. They are about changes in the way the Council operates and are intended to produce better outcomes for service users but at significantly reduced costs. These savings are overseen by the Corporate Transformation Board, supported by the transformation partner and implemented by service departments. The remaining savings are described as “tactical” and consist of a range of ad hoc efficiency savings but also some reductions in service levels.
25. Since November, LCC has conducted a robustness testing process on the draft list. This has led to adjustment of some of the proposed savings, leading to reduction of £16.9m from the originally proposed £70.5m savings. Further savings have been removed through political decision making following the consultation process. These changes will be offset by the Council agreeing to set the maximum 4.99% Council Tax increase allowed without a referendum and by some unexpected improvements to grant because of the Revenue Support Grant Settlement and related matters. The Council will be able to agree a balanced budget at its March Council meeting.
26. This has been a significant achievement. Nevertheless, there remain some substantial risks with the implementation of the budget. There will need to be a continued determination to implement the agreed changes to deliver the planned outcomes. The capital programme and strategy underpinning it requires considerable development. Some of the key risks include:
 - Change in personnel – the Interim S151 Officer leaves at the start of March and a permanent replacement is not expected until June. New Interim arrangements will be put in place, but this change brings additional risk. This is compounded by the risk of wider changes to the management structure, including those areas that are responsible for significant transformational savings, such as Neighbourhoods and Children’s services. While providing stability in the medium term, these changes present a challenge to the delivery of savings in the short term.
 - Transformational programmes are inherently risky requiring large-scale change to operating environments whilst maintaining continuity of service. Success depends on effective engagement with staff. Slippage in implementation of the programme remains a risk.

- The Council has a mixed track record in delivering other “tactical” savings in the past. There will need to be a total transformation in individuals’ and the organisation’s commitment to making savings.
- The economic climate facing the Council is very difficult. There may well be increases in demand for adult and children’s social services and care, increased homelessness, reductions in income through loss of demand or higher defaults, over and above what has been forecast and assumed. Inflation is high and volatile.
- There have been several impairments to the Council’s balance sheet because of past decisions and some of these have only recently been identified. There is a planned review of the Balance sheet to test for example the adequacy of bad debt provision and for other risks and the outcome of this is unknown but may require additional provisions to be made.
- The Council planned a net draw down of its reserves from £30.7m to £23.9m in the Cabinet report of 24/11/22 to deal with some financial issues. This was below the level recommended by CIPFA.

27. In light of the above, we are pleased that, within the budget report, measures have been taken to improve the level of reserves by £12.3m to £36.2m and there is a good exposition of these and other risks. It will remain a key priority of the Commissioners to monitor the implementation of the budget and how the many risks are being managed. In addition, we will be closely monitoring the development of the Council’s capital strategy and programme, which remains undeveloped.

Financial Planning: Revenue and Capital

28. The 2021 CIPFA reports on Financial Management and Financial Resilience, commissioned by the Council and Commissioners respectively, made explicit reference to poor financial planning. Tackling this is an explicit part of the Finance Improvement Programme, but it is also of wider corporate significance. While the outcome of that process has been a success, the starting point was unfortunate. The Council needs a process that starts business and financial planning earlier in the year and produces timely outcomes. It will be important for the Commissioners to follow through a full cycle of a normal business and financial planning process to be able to give assurance that this is being managed effectively.

29. Over the last six months, the Council has chosen to prioritise the Revenue Budget over the capital programme. This is an understandable prioritisation of resources due to the scale of the Revenue challenge. However, the Council’s Capital Programme remains undeveloped, presenting significant risk. The Council currently lacks the proper tools and strategic context to manage this programme effectively.

- The Council is embarking upon service reviews and a transformation programme that will help inform the future operating models of key services. Until these are settled and in place, it is difficult for the council to decide what assets are required in the future.

- LCC has not made enough progress on a stock condition survey on the condition of its buildings and highways to properly understand its assets. When completed, this will inform where investment and disinvestment are needed.
 - LCC does not have a comprehensive economic, environmental and social vision for the City. Such a strategy would help the council decide how much to invest and in what areas.
30. These three areas, taken together, will help the Council build a model of what capital investments are desirable. This can then be overlaid by a prioritisation process matching needs with resources and delivering an affordable programme. External funding also plays a key role and typically finances 62% of LCC's capital programme. Strategic planning is crucial to securing this funding.
31. A paper on Capital Strategy was recently considered by LCC Management Team that acknowledged these issues. It listed 29 strategies that a typical authority needs to drive a capital programme, where 6 are missing, 9 have a 'Red' status, 6 'Amber' and only 8 are 'Green'. As a result, the capital programme to be agreed in the March 2023 budget process will be of limited effectiveness.
32. The intention is to work on the gaps in the information and strategies over the coming months so that a more satisfactory approach can be taken to building the capital programme for the next budget round (2024/25 and beyond). The Commissioners will take a keen interest in seeing these gaps removed and a more robust approach to the capital programme over the next few months.

Financial Improvement Programme (FIP)

33. In response to the 2021 CIPFA report on financial management, the Council created and resourced the FIP. The Programme has eight themes: Systems, Internal Audit and Risk management, business partnering, income and debt collection, financial planning, companies, procurement, communication and engagement. The programme is necessarily large and complex, but the Council took too long to begin making headway into the challenges faced. Since the last report, significant progress has been made.
34. **Systems:** the Council's main financial systems are delivered by SAP. Oracle is used principally for payroll. Integration between the two systems is poor. There are three strands to the system's improvement project: replacement; stabilisation; and reporting improvement. Stabilisation is well advanced and new support mechanisms are being put in place. Cabinet are due to receive an options appraisal report on replacement systems in April. Implementing this successfully is the key foundation to sustaining improvements in financial management.
35. **Internal Audit and Risk Management:** these activities were in a very poor state prior to the appointment of an Interim Head of Internal Audit. There were only two audit reports produced in each of the two years before 2022. While risks were being managed tactically across the organisation, there was no assurance of this and several high-profile cases demonstrated poor risk management. There have been some significant improvements over the past nine

months. There is now a proper Audit Plan in place.² The new Audit committee is beginning to add value through a clear annual plan. It will be challenging to deliver the entire programme by the end of March 2023 as there are still significant vacancies within the service. A permanent Director of Internal Audit is due to start in April. This will help provide long term stability to the service. Further work is required to embed risk at sub corporate levels.

36. **Business partnering:** one of the key findings of the CIPFA report was that services had effectively passed back responsibility for financial management to the Finance Department. This lack of accountability made it easier to fail to implement savings and not control spending. As a result, LCC has decided to make services more directly responsible and for Finance to carry out a support and advisory role. LCC has been working closely with Newcastle City Council (NCC), to better understand the changes required.³ Rather than a single whole organisation change, LCC decided to implement a pilot and learn lessons. Pilots in Highways & Transport and Adult Social Care are due to report by late summer, to inform the planned roll out to the whole Council by April 2024. The CIPFA report also examined the capability of the finance staff, finding that some members of the team were being asked to deliver much more than others and that the directorate suffers from ineffective performance management. Alongside business partnering, the capability of the finance function must improve. This will be a key task of the new permanent S151 Officer.
37. **Income and debt collection:** the Council has been poor at collecting income and debt across all its functions. Council Tax collection performance was one of the lowest in England. There were very substantial levels of arrears in property rents. Policies and processes for setting levels of fees and charges and collecting them are frequently poorly set out and inefficiently implemented. Improvements have been made: by the end of December 2022, collection of Council Tax arrears was more than 50% higher than in the previous year, while in year Business Rates collection was 86% compared with 76% in December 2021. However, progress is slow across other areas of income collection with little evidence of improvement yet.
38. **Procurement:** since the Commissioners' second report, there has been a step change in commitment to identify and tackle issues in procurement. A diagnostic report was produced by external advisors on August 31 2022. There is a new commitment to making the needed changes, and some progress has been made.⁴ LCC are currently designing a Target Operating Model. This will take time to implement, and to train and embed a different approach across the Council. A permanent Director of Procurement has been appointed and starts work for the Council at the beginning of April.
39. **Communication and engagement:** successful transformation relies on engagement from staff whose method of working is going to change. This requires staff to buy in to the change, and detailed co-production of the new way of working. This includes clarifying lines of accountability, embedding these within performance management frameworks, and

² There are 50 audits planned for completion before the end of 2022/23. By the end of December, 12 reports had been completed and a further 8 were in progress.

³ CIPFA identified NCC as an authority that had developed this model successfully.

⁴ Progress includes a properly tracked contracts register and significantly improved understanding of the future procurement pipeline

potentially reconfiguring schemes of delegations. The Council recognise this, and the Transformation Board has this as a key theme. This will remain a focus point for the Commissioners over the coming months.

40. Overall, there is good progress in planning the response to the CIPFA recommendations and some improvements on the ground. Capacity constraints within Finance and elsewhere in the Council has limited achievements. The priority for the next year will be implementation of the plans that FIP have produced and ensuring that the programme remains adequately resourced.

Key challenges and risks

41. The Council has come a long way in acknowledging the issues it needs to face to improve financial planning and management. The budget process is a clear success and demonstrates the effectiveness of strong, focused leadership. The next year must be one where the Council's plans are implemented effectively to provide an adequate level of financial management. Some of the key risks and challenges are:

- By June 2023, it is expected there will be a new S151 Officer and five new tier 3 Directors appointed under that post. This team must grip the service quickly to ensure that the pace of change does not slacken.
- Performance management within Finance and effective business partnering arrangements, first in the pilot area in Highways and Transportation, and then across the Council, need to be built and implemented. This work has started but will not be implemented across the Council for another year. To properly embed this will require real ownership by service areas. This is a significant cultural change.
- The next year should see a more normal cycle of business and financial planning. The current budget process gives rise to cautious optimism but there are still challenges ahead. The quality of the work to identify savings was inconsistent across the Council with some directorates poor at providing robust proposals. The Capital Programme is still under-developed and requires considerable work to provide the key underpinning information.
- Procurement remains a risk. Though plans are in train, the new Target Operating Model (TOM) has not been designed nor agreed yet. This represents an area where change in approach across the Council is required if the benefits are to be captured.
- Similarly, progress on improvements in income and debt collection have been slow outside traditional Finance areas. There is so much potential for improvement, and the Commissioners will want to see the commitment to change lead to that potential being realised across the Council.

Chapter 2: People & Governance

42. The organisational challenges on culture, capability, and capacity have been well reported. These issues represent both the most significant risk, and most significant opportunity facing the Council. If LCC can manage the impact of people change facing the organisation over the next 12 months: from a total overhaul of senior staff, fundamental service change and transformation, and rapid governance reform, they will be well on their way to ending the intervention. However, that requires the right recruitment, HR support and governance procedures to be in place to achieve this. Interim members of staff have been a necessary resource to support the Council over a challenging period; they have rapidly stabilised services and provided much needed urgent capacity and capability, but come at a significant cost. It is therefore key that LCC has a plan to reduce the number of interim staff and set a course to ensuring a permanent senior team.

New Structure

43. After significant delays, the most senior levels of the Officer structure have been approved. Commissioners and the interim Chief Executive agreed that securing a new structure was an essential priority for the leadership of LCC. This is a fundamental step to providing stability to the Council. Commissioners are positive about the alignment of functions and the introduction of increased capacity to address strategic priorities as well as known gaps – for example, a Director of Housing. The vacant tier 2 roles are subject to recruitment processes now and appointments are expected in March. A tier 3 structure has been agreed. Consultation with affected members of staff and Unions concluded in mid-January, and plans are in place to appoint to those roles in the next four months. Appointments to two crucial roles have been made – the Director of Audit and Director for Procurement and start dates have been agreed. This is positive progress. A priority for the Chief Executive, and the Council, is to ensure that the organisational changes implied by the revised structure, and these new roles, and their scope, are understood and planned for. The re-aggregation of functions and accountabilities to these new roles needs to be clear to everyone so they make impact from the start. It is also critical that transition plans to onboard, induct, and integrate the new appointees support the pace and focus of the improvement journey, and do not act as an inadvertent brake on the progress that is now starting to be made.

Human Resources and Organisational Development (HR/OD) capacity

44. The Council's delivery on some People issues has been hindered by an ongoing lack of strategic focus and capacity in the HR/OD team. A new Director of Workforce role has now been created and external recruitment should result in an appointment in April 2023. In the interim, temporary senior support has been put in place and a planned programme of reform agreed, including a diagnostic. This is beginning to have an impact, but intense work is needed to grow the strength of the Function so it can better meet the ambitions of the Council, and support the performance, change and cultural improvement programmes in place. It currently lacks the capacity, and confidence, to support senior leaders and managers to deliver their accountabilities effectively. There are significant people and change implications from the huge Transformation programme that has been initiated by the interim Chief Executive, as well as a pressing need to implement a modern Workforce Strategy and re-set the culture across the organisation. There are also Service Reviews that need to be delivered, which also require professional input and advice from HR/OD. There are currently 18 Service Reviews in hand, or due to start, in the next three months. This is against a backdrop of policies, procedures, processes and systems that need modernisation.

Senior recruitment

45. The current Chief Executive was recruited as a fixed term interim leader and has provided transformational leadership to stabilise the organisation. A process is in train to attract and appoint a permanent Chief Executive. Securing the right person for this role is perhaps the single most important factor in Liverpool's long-term journey. It is a critical appointment for Commissioners, for the Council, for residents and for partners. A timetable provides for Full Council to approve a recommendation from an Appointments Panel on March 1 2023. In addition, work is also underway to hire an experienced Director of Resources and S151 officer. This is a key role, and central to the success of the Council going forward. Commissioners believe it is important that the CEO designate has a role in this process and appointment. An appointment will be made by the end of March.

Governance & Scrutiny

46. The Council is making good progress in reforming its Governance arrangements. In September 2022 a new Overview and Scrutiny model was adopted by the Council, and plans are in place for full implementation in May 2023. Five new scrutiny committees will align to the Council's strategic priorities. Development support has been put in place to enhance the capacity and capabilities to deliver more effective, timely, targeted scrutiny. Workshops have been well attended. The Mayoral and Performance Select Committee has been used as a pathfinder for the new model and learning from this arrangement must be used to make changes ahead of May. Going forward, it is important that Members and Officers understand the potential and impact of effective Scrutiny; that work programmes are scoped thoroughly and focused on key priorities and, most importantly, work is properly prioritised and resourced. Most members have been through some development training during the intervention. Building on that, it is critical that the Council invests in significant training, development and induction for a new cohort of Members, who will be elected in May 2023.

Constitution

47. The Council has made effective progress in reworking the Constitution and is still on target to present a new model for agreement in May 2023. The decision to move from a Mayoral to a Leader and Cabinet model represents a significant change, and planning for that shift is a key part of the work plan. Capacity constraints have, however, slowed some elements of the work. The pressure of 'business as usual', as well the processing of complex complaints, Freedom of Information requests, and disputes, has had an impact on the ability of the Legal Services team to prioritise this work. A Member development programme has been shaped from a systematic understanding of statutory requirements, best practice, core governance principles and gap analysis. It is a comprehensive offer, designed to have maximum impact from May, when the new Council cycle begins, and 85 councillors are elected under the new model.

Forward plan

48. From a low base, there has been improvement in the decision making within the Council. Cabinet meets monthly now, and benefits from a clearer, and improved Forward Plan. This is now regularly scrutinised by CMT and Cabinet. There is a much stronger discipline about how and when decisions are made. Controls around these processes are now much more robust. This has enabled Cabinet to focus on their strategic role in a more planned and transparent way. Where decisions are delegated to officers, there have also been

improvements in compliance, understanding, and the quality of reports. A series of workshops, facilitated by the City Solicitor and Monitoring Officer, were delivered between September 2022 - February 2023. The workshops supported officers to produce reports which are well written and structured, and compliant with legislation and best practice standards. 192 officers have undertaken the report writing training to date. However, there is more to do, and the Council recognises the need to target improvement in relation to the generation of financial advice, impact evidence and the articulation of the equalities impact of decisions. The Council also recognise that continuous improvement needs to be a feature of strong governance, so further training opportunities will be made available and rigorous attention paid to decision making. This training must become embedded into the corporate training cycle.

Governance model

49. In September, the Boundary Commission confirmed the final electoral arrangements for the Council. 85 Councillors across 46 single wards, and 18 two or three member wards (all to a new pattern), will be elected in all out elections, for the first time, in May 2023. Work is now in hand to deliver this new model of representation. It is an exceptionally challenging programme of work given the timescales involved and the scale of change that is required. The polling district review was approved by Council in December 2022. New ward profiles and Census ward profiles were published in January 2023. A revised register of electors was published in February 2023. Plans are also being put in place to ensure that Council operations can recognise and support the new (mostly single) ward patterns. Preparing for the election itself is a significant priority for the Council. All out elections, to a new pattern and with new voter ID requirements, presents some significant risks given the capacity gaps that the organisation still sees. We look forward to seeing a risk mitigated plan in March and being assured that additional resource, and management time, is dedicated to the planning and execution of the elections, as well as the induction processes that will be required to ensure Members can fulfil their duties effectively.

Freedom of Information

50. Our second report raised concerns about the Council's ability to deal with Freedom of Information (FOI) requests. A lack of capacity in LCC's Democratic & Information Services had caused large backlogs of cases to build up. This backlog was exacerbated by poor record keeping and resulted in members of the public waiting an unacceptable amount of time to receive a response to their FOI requests.
51. There are recent high-profile examples that demonstrate this poor practice, such as the Parking tickets and Beautiful Ideas Company FOIs. In both instances, the public had a right to know the information requested and it took the Council far too long to demonstrate the necessary transparency to share it. However, the fact that both have been addressed after long delays does represent a positive step in the Council's journey towards transparency.
52. We are hopeful that LCC are now taking steps to overhaul the Council's FOI-handling processes. They have done this on three key fronts:
- Improving processes by establishing a Council-wide system for logging, triaging, and responding to requests. They have also introduced separate mailboxes for FOI handling in service areas, which allows for easier tracking of cases. LCC are working with the Information Commissioner's Office to understand and implement best practice.

- Increasing capacity and capability by developing learning hub training on FOI handling for new starters and existing employees. LCC are also due to request surge capacity to work through the FOI backlog and appoint an additional senior information officer to the team. The Council have now appointed a lead officer to improve FOI performance.
- Establishing better oversight and accountability by identifying leaders in service areas to be designated Information Champions and presenting monthly monitoring reports on caseloads to Commissioners and CMT.

53. These actions are starting to have a positive impact on numbers of overdue cases in LCC's system. There has been an overall trend in reduction of overdue cases within the past 2 months. In November, only 1 out of 6 total service areas was responding to over 60% of its FOI requests within 20 working days. In December, this increased to 4 service areas. This progress has continued into 2023: within the first two weeks of January, overdue cases across the Council were reduced from a total of 151 to 95.
54. These are encouraging figures. However, there is still a long way to go until LCC's FOI processes and timelines are satisfactory. A key risk to further improvements is the capacity of the FOI team. It needs to be well-resourced moving forwards, if LCC are able to keep up with the demand of incoming information requests. We hope to see a positive trend towards fewer overdue FOI cases at LCC, ensuring full compliance with statutory obligations by the end of the year.

Culture change

55. The issues exposed in the Best Value Inspection, which led to the appointment of Commissioners, describe a culture where staff were not encouraged (and, at times actively discouraged) from speaking out; a siloed approach to working which lacked a shared sense of responsibility; a lack of transparency and openness; no coherent or comprehensive plans for officer and member development and no performance accountability.
56. Foundational work has been undertaken by the Council to better understand the pervading culture as well as rebuilding trust with staff across the Council. This has included staff, member, and resident surveys as well as formal and informal communication activity on the part of the interim Chief Executive and other leaders.
57. This work now needs to be placed on a more formal footing. This means closer integration with the wider transformation programme, which will ensure an approach that is led from the top of the organisation and involves leaders at all levels. Commissioners welcome the development of plans to adopt an approach with clear governance and clarity on outcomes and timescales.
58. It is expected that the Culture Change programme will lead to early tangible improvements, such as the implementation of a new workforce strategy and leadership development plans. We will report in detail on the progress of this work in our next report.

Adult Social Care

59. The Council needs to change the way it delivers support for those that need Adult social care, as well as their carers. Demand is high, including for assistance to those that need specialist mental health, addiction and recovery services.

60. The Director of Adult Social Care has initiated a major reform programme to address a very significant range of pressing issues. These are wide ranging and include, for example, the introduction of a strengths based model of care; the redesign of reablement services, creating a single point of entry to services; and better use of preventative arrangements. Workforce reform, stronger joint commissioning, and more digitisation form part of the fundamental enabling foundations that need to be built. Much of this should be done in partnership, and as part of the Liverpool Place architecture (which is part of the Merseyside/Cheshire ICS).
61. The Service, overall, operates at a high cost point, so the reform plan seeks both to modernise the Service and reduce costs. This will enable the Council to offset both demand pressures and the current spend trajectories that are influencing the MTFS position so significantly. The ASC Directorate needs to contribute c.£11m of savings for 2023/24, increasing to c.£22m by 2025/26. It is the most important component of the Council's overarching strategic Transformation programme and will evidence the ability of Liverpool 2.0 to get behind such a huge change programme.
62. The Director of Adult Social Care provides strong leadership and focus to the Council, and is clear about what must be done to bring the organisation in line with most other large Councils. There is a recognised need for additional programme execution support which will be provided by the Council's transformation partner. An external review of Resources, commissioned via the LGA, has provided useful evidence about the stretch savings targets being set. Like many other Councils, the relationship with the ICS/ICB/ICP structures are evolving and further focus is needed to ensure that the deployment of 'joint funds' are agreed in a timely manner, and that they make the impact required. The corporate capacity of the Council to support Adult Social Care has been the subject of prioritisation and investment discussions. This has helped focus capacity but challenges remain.
63. We will provide additional evidence about performance improvement in our next report, but see strong signals that the leadership, strategy and plans have potential to deliver much needed change.

Chapter 3: Areas of intervention

64. The intervention services areas and companies review are making progress. However, the service areas have not yet reached commissioner standards of stability and work is required to fully complete the companies review.

Highways & Transport (H&T)

65. The Best Value Inspection (BVI) of LCC's H&T service concluded that the Service had no coherent business plan, direction or forward vision; weak foresight of health & safety and works planning leading to excessive compensation events and claims; a lack of structure and processes between core highways services; and capital works and confused lines of leadership within the Service.
66. At the outset of the intervention, we set a clear framework for the H&T service (the service) improvement, with a shared goal to achieve service stability by December 2022. 'Stability' was defined in the Highways Improvement Matrix. In our second report, we reported that the service was improving with specific goals identified to achieve stability by the end of last year. The service did not reach this goal by December 2022, and has not yet achieved full stability. However, we are optimistic that this goal is achievable in the coming months.
67. Whilst the service has not met all the specified goals, the improvement trajectory is clear and good progress to this end is being made. Since June 2022, its focus has shifted noticeably from firefighting to creating a foundation for service stability. The service is improving in a range of areas:
- The forward planning and quality of report writing in the service is improving.
 - The robustness of the service's contracting relationships is more stable, with the creation of the new Professional Services framework and an 18-month Service Level Agreement agreed with Liverpool Street Scene Limited for the services it provides.
 - Early work is underway to develop a new Highways Maintenance model for market testing in 2023/24.
 - The 2021/22 H&T Business Plan, when combined with the H&T Improvement Plan, gave staff and members both some sense of direction for the service and a framework for individual target setting through annual appraisals.
 - Financial and non-financial performance management systems, underpinned by accurate data, are evolving and will be incorporated within the 2023/24 business plan, which is in production.
68. Next year's proposed revenue budget is set within a three-year MTFs. Whilst challenging the service to drive out efficiencies and achieve new income streams, it provides a medium-term basis upon which to plan service delivery. The delivery of capital projects remains challenging but improving, with complex landmark projects, such as The Strand and Lime Street, delivered despite contractor liquidations, and an ambitious Highways Improvement Programme of 100 schemes procured and in delivery.

69. This is a broad-based H&T improvement agenda, starting from a low base in many areas. Unpicking the mistakes of the past have proven to be more challenging and time consuming than originally envisaged. This, combined with capacity and capability issues in both the Service and supporting services, frustrated progress to the December 2022 goal. The work currently in flight, such as the service review, asset condition/planning, customer engagement, and the assessment of better value for money highways maintenance solutions, will all provide a firm foundation for continuous improvement, once agreed and embedded. The emerging Transport Plan and City Centre Mobility Strategy, once commissioned, will also provide the Council with the opportunity to truly engage the City in its future transport and infrastructure vision.

Forward Look

70. The following are the key outstanding improvements the Service should aim to achieve to demonstrate stability and ongoing improvement by June 2023, the end of the second year of intervention:
- Complete and implement the Service Review, with complementary FIP improvements in CPU and Finance Business Partner arrangements in progress
 - Permanent Tier 3 and Tier 4 service leadership team in place
 - Mobility Strategy completed and agreed as Council policy
 - Implemented first phase of Engage, Communicate, Facilitate (ECF) consultant recommendations
 - Robust highways asset planning in place and accurate asset condition data used to generate highways improvement investment options for LCC to consider from 24/25 onwards
 - Stable capital programme delivery – a programme that is delivered on time and to budget
 - Positive trajectory in the delivery of 23/24 new revenue income streams
 - Options developed for the future delivery of reactive and planned highways maintenance for Member consideration
 - A solid financial and non-financial planning and performance management framework consisting of 2023/24 business plan, business critical measures with benchmarked target setting, and 100% completion of eligible staff appraisals
 - A joint H&T/CPU review of whether the new Professional Services Framework is achieving best value and the benefits envisaged
 - Plans in place for a Peer review in the period June-Dec 2023

Companies Review

71. The Council has four wholly owned companies: Liverpool Streetscene Services Ltd (LSSL), Liverpool Foundation Homes Ltd (LFH), School Improvement Liverpool (SIL) and ACCL

Liverpool Group Ltd (the Arena, Conference Centre and Hotel complex). There are also five other companies with which LCC is associated with and/or has invested in. These will be addressed in the second phase of the Council's Companies Review work.

72. The Directions require LCC to review the roles of its subsidiary companies and the case for continuing with them. For those companies LCC has agreed to continue, they must ensure that the Directors appointed are appropriately skilled to ensure each Board functions effectively under the terms of an explicit shareholder agreement and that there is a nominated shareholder representative. For those companies which it is determined LCC will not continue with, they must establish a plan to internalise, close or sell as appropriate.
73. LCC has acted to take Councillors off the Company Boards and commenced reviews of the wholly owned companies, as phase one of the work. There has been demonstrable progress in the past 6 months in meeting the requirements of the Direction. However, it has been slower than originally expected. The Council has provided a baseline position on the financial and business planning position of each company, outstanding governance improvements, future tasks and work programme, and risks to delivery and improvement. This provides a useful framework for the ongoing performance management of the companies review workstream. There remains more work to either conclude the future direction of the Phase one wholly owned companies and/or deliver the agreed improvements.
74. The Council has recognised the capacity constraints to this workstream. There are ongoing efforts to recruit additional support, including a new Director of Commercial and Companies, and an interim Principal Accountant in early 2023. Until these resources are procured, there remains a risk of pace slipping.
75. Phase 2 of the review is scheduled to start in April 2023. This phase will focus the Council's associate companies, joint ventures, and investments where the Council has a certain level of shareholding. This includes: Sciointec Developments Ltd, Liverpool Airport Property Holdings Ltd, Liverpool Airport (Intermediate) No.1 Ltd, Liverpool Partnership LLP, and Briggs Automotive Company Ltd. Preliminary work includes understanding the Council's strategy and position towards its shareholding on these companies, identifying any governance or constitution issues, and understanding the companies' current financial position and impact to the Council.

Companies Review: Forward Look

76. Key ongoing actions for 2023 include:
 - The closing out of all governance improvements to include: all companies adopt the new Articles of Association and Governance Agreements; all Council-appointed company directors and client officers are trained with an ongoing rolling training programme;⁵ improved governance arrangements are implemented, including improved existing performance assessment frameworks, and improved company monitoring and reporting arrangements; and gaps in company board membership and LCC appointments are filled with mix of board members and skills.

⁵ The council-appointed officers recently appointed to LSSL have been through the appropriate training, marking a step in the right direction from LCC.

- Stabilising the core officer capacity with the appointment a new Director of Commercial and Companies and Principal Accountant, thereby ensuring the Council has dedicated resource to manage and deal with its subsidiary companies.
- Taking key decisions on the future of SIL, ACCL and LSSL: SIL in April 2023, LSSL within the planned 6 months review period, and ACCL by the end of 2023 via its option appraisal.
- Produce itemised delivery plans for each company review with clear resource planning and accountabilities for delivery.
- Scope and commence Phase 2 of the review by April 2023. The Council should avoid making any strategic decisions (unless absolutely necessary) on any of these interests until their review is complete.
- In all the above, be much clearer about the strategic rationale for retaining these companies by demonstrating they provide the best value service delivery solution for Liverpool taxpayers.
- The Commissioners will review overall progress again in June 2023 and the 24-month target in the Direction. Commissioners will agree their ongoing role with the Council at that point.

Property Management

77. Since the last report, there have been some tactical improvements in the property management function. These are primarily transactional, rather than transformational. Improvements include:
- LCC has significantly reduced the backlog of lease renewals.
 - There has been an improvement in report writing with greater technical accuracy and fewer reports requiring Commissioners' amendments.
 - The identification of c.50 overage agreements. However, an initial review suggests some of these agreements have been poorly drafted and may not be recoverable. We expect the Council to take immediate action to strengthen any future agreements while pursuing the collection of outstanding overage payments.
78. Overall, however, the service area is still underperforming. The service will be supported to reach its potential by the implementation of a new structure, and improvement in finance, procurement, and HR capability. These 'external' improvements must be supported by a new improvement plan and target operating model, which must be implemented by December 2023 to realise savings. Other challenges include:
- The shortfall in technical expertise and commercial acumen in the service. A short-term solution is in place to use external suppliers to address the backlog of lease renewal and rent reviews. Initially, 80 cases are due to be completed by March 2023. It is expected this skills issue will be addressed in the implementation of the service review and improvement plan.

- The lack of progress in delivering the Corporate Landlord function is disappointing, as this was a clear recommendation from the CIPFA report in 2020, and a Commissioner requirement. The Council would benefit from the efficiencies of a corporate landlord; for example, there are over 100 suppliers delivering hard facilities management services across the portfolio which inevitably leads to inefficiencies and scope for savings. The interim Chief Executive has committed to progress and will accelerate this project as part of the Council's transformation programme. We expect to see the project scoped and resourced by the end of February 2023.
- Progress in delivering an effective asset management service is hindered by the lack of a strategic asset management plan. This is demonstrated by ad hoc proposals to invest in or dispose of assets without a strategic context. Effective property management is currently limited by the lack of property condition information, with data only available for a third of the Council's assets.

Forward Look

- The development of a strategic asset management plan. This plan needs to align the Council's property assets with its strategic aims and direction, adding both financial and non-financial value to the Council. The plan needs to incorporate the following:
 - An asset management plan incorporating a delivery plan for each asset to be refreshed annually
 - An asset management policy which will establish the rules for deploying and managing assets
 - An asset management strategy, in effect a strategic business planning document aligned to the Council's transformation programme
- Progress with corporate landlord:
 - To achieve the projected efficiency saving, this project needs to be scoped and resourced by February 2023
- Delivery of the improvement plan:
 - The improvement plan, including the service review and target operating model, need to be implemented by December 2023 to ensure Q4 efficiency savings are delivered

Regeneration

79. The Council has made significant progress with a number of high-profile major projects, notably: Festival Gardens; Littlewoods; and Kings Dock. Major projects have now been restructured to deliver better quality and to secure better value for money.

- **Festival Gardens:** remediation is continuing on site and the Council in the process of designing a new approach to delivery by having greater control, requiring high quality design and achieving better value for money.
 - **Littlewoods:** the Council has now developed a new approach by re-acquiring the long lease and, in effect, taking greater control over delivery – this will enable the site to move forward more quickly.
 - **King’s Dock:** the Council has successfully appointed a development manager to bring forward this scheme. Whilst the Council will retain control over delivery, the development manager will bring additional capacity and commercial acumen to ensure pace is maintained and value for money is achieved.
 - **Stonebridge Cross:** officers have taken a more proactive and confident approach to delivering schemes to achieve the best outcomes. Stonebridge Cross is a good example where officers have adopted Homes England good practice and officers from Planning and Regeneration have engaged with the market in a soft market exercise before agreeing a procurement strategy and design approach.
80. The Council has also made significant progress in addressing empty properties in its ownership; both Denford Road and Tunstall Street expect to complete sale by March 2023 to housing associations and there is a plan now in place to dispose of other vacant residential properties to the open market.
81. Whilst the Council is now embracing more transformational and commercial approaches to delivering regeneration and has committed to on-going training and development of existing team members, there continues to be significant risk to the delivery of regeneration in the City. This is due to lack of strategic context, expertise and suitably experienced permanent staffing resource. The Council recognises the need to develop a sustainable economic growth strategy to increase productivity and improve prosperity for its residents. The Council needs to set the economic strategy in context of the City region, travel to work geography, and wider economic market.
82. Some progress has been made on the service review, but it had been hampered by delays in agreeing the Senior level re-structure. The Interim Director has consulted extensively both internally and externally and taken a strategic view of the regeneration function in conjunction with other directorates.
83. The output has been the development of a target operating model that seeks to balance larger, high-profile projects, with appropriately focused, place-based neighbourhood strategies. The direction of travel has strong political buy in, will provide a more solid foundation for economic growth and is consistent with a broader council neighbourhoods strategy. Implementation of the service review and corresponding improvement plan is now expected during the first half of 2023.

Housing

84. The housing service review has yet to take place with the housing functions currently dispersed across directorates. The recently approved Council structure recognises the need to bring these functions (including homelessness provision) together, reporting to a newly created Director of Housing. We expect the Council to agree the scope of functions and services to be transferred into the housing directorate and develop a clear structure with associated governance below Tier 3 as a priority.
85. In recent weeks, officers have assembled a Strategic Housing Board, seeking to bring together the historically disparate housing activates across LCC. This Board follows the Interim Housing Strategy, approved by Cabinet in July, and is a positive step towards delivering a cohesive plan, ahead of the appointment of the Director of Housing. Another positive is the housing Development & Investment Team progress in addressing the levels of commercial awareness identified in past reports. In the past 12 months, the team have completed in excess of 150 hours of relevant continuous professional development. The team participated actively in Homes England Summer and Winter learning programmes, and collaborated with the Liverpool City Region Combined Authority to shape and deliver a Regeneration Learning and Development Programme.

Forward Look

86. Recent progress notwithstanding, the new director will have to address: the historic lack of a functioning housing strategy; effective partnership working with Register Providers and stakeholders; lack of clarity to developers and investors wishing to develop housing in Liverpool and the impact this has had on the housing market and homelessness in the City. We also expect the new Director to oversee a review into the Council's statutory compliance in respect of its obligations, particularly in housing allocations and homelessness.

Planning Service

87. The planning service review recognised the need to build capacity and capability within its team. Despite budget challenges, the Council has funded an increase in staffing resources in the planning team, which is now better aligned to benchmarked resources in other Core Cities. Although progress has been slower than expected, exacerbated by a lack of HR capacity, the service review will be complete by March 2023
88. To address the backlog of work, temporary resource has been deployed to deal with a number of applications and corresponding increase in planning decisions – from almost 3,500 applications in 2022 compared to 2,400 in 2021. Caseload per officer has now reduced to around 80, from over 120, and the backlog is reducing.
89. Following implementation of the new structure, further work is planned through the transformation programme to instil a performance and customer focused culture. Investment continues in staff training to strengthen essential ICT and time management skills together with more technical planning ones. All managers are enrolled in LCC's corporate leadership and management programmes.
90. In terms of improved customer service, the appointment of digital planners will achieve more efficient and effective service delivery, whilst also embracing the opportunities for more creative use of planning data. For example, the local plan policies are now available as an interactive map on the planning website. The planning software database has now been

bedded in and work continues to fully utilise its functionality, particularly around the customer journey.

91. The Council adopted its Local Plan in January 2022. Subsequently, a suite of Supplementary Planning Document (SPD) and advice notes have been adopted to provide guidance to applicants and clarify policy details, including a Public Realm Strategy SPD, Baltic Triangle SPD and Employment and Skills Advice Note. These policy frameworks provide greater clarity for developers and should secure higher quality in terms of design standards, sustainability and accessibility, as well as contributing to the social value agenda. Next steps include, soon to be adopted, Tall Buildings SPD and the development of a residential design guide, which is currently being scoped.

Forward Look

- Complete the implementation of the Service review to realise the full impacts for residents for March 2023
- The Council needs to undertake a review of the Local Plan during 2023 and provide assurance that adequate resources and a clear project plan are in place to conduct this review in a timely manner
- Alongside this work, the Council is progressing its statement of community involvement which will set out how the City Council will engage on the preparation of planning policy documents and consult on planning applications. This should be in place by March 2023

Conclusion

93. As we reach the half-way point of the intervention, our attention necessarily turns to the end of the intervention, originally conceived to last for three years. At the last report, we requested more powers, but we did not ask the Secretary of State for more time. We believed then, and we believe now, that the improvement required at the Council can be achieved in the time available. However, that is not a certain outcome, and it will require sustained, transformative leadership. If the Council is not on a stable footing as the three-year window draws near, it would be irresponsible for Commissioners to withdraw from the Council. We must have assurance that the Council is managing its people, its finances, and its risks with appropriate competence, before we have confidence to withdraw. We will set this out in more detail in our next report.
94. Despite the progress evident in this report, there are risks to stability in the Council in the short and medium term. LCC is entering a period of profound transition on three fronts:
- The Council is changing the way that it does business through an ambitious transformation programme, both through internal systems and through services the council delivers for residents
 - LCC is implementing a new structure, resulting in the change of roles or personnel across the entire leadership of the council, including Chief Executive, Finance Director, and Director of Children's Services
 - The Council is changing its governance model to Leader and Cabinet and there will be all out elections to new ward boundaries.
95. Each of these changes is a significant undertaking for the Council to embark upon. To complete them concurrently, under changing leadership, presents significant risk, but also a transformative opportunity. Appointing a new Chief Executive is the keystone to this. Our experience at Liverpool City Council since the last report is evidence of what transformational leadership can achieve. Successful stewardship of the Council through this period of transition will require sustained hard effort to be embedded by a new executive leadership team.
96. Commissioners will be a constant through this period of change over the next 18 months. While the officer and political leadership will transition, we will remain in place, and provide stability to help the Council to manage this challenge. The priority for the next phase of the intervention is to ensure that the pace and momentum that has been developed by LCC in recent months is maintained through a period of potential instability. The Council is demonstrating that positive change is entirely possible with the focus and energy provided by the political and officer leadership; Commissioners will continue to work with LCC to ensure the positive trajectory continues.