

7 March 2024 Directions

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

1. The Secretary of State for Levelling Up, Housing and Communities (“the Secretary of State”) has considered carefully the following in respect of Liverpool City Council (“the Authority”):
 - a) The Directions made under section 15(5) and (6) of the Local Government Act 1999 in respect of Liverpool City Council, issued on 10 June 2021.
 - b) The updated Directions made under section 15(5) and (6) of the Local Government Act 1999 in respect to the intervention at Liverpool City Council, issued on 8 November 2022.
 - c) A letter from the Commissioners to the Authority regarding Property Services, dated 4 December 2023.
 - d) The fourth report from the Commissioners published on 13 December 2023.
 - e) The representation made on 2 January 2024 by the Authority on the fourth report and on the proposed amendments to the Directions.
 - f) The representation made on 2 January 2024 by a member of the public regarding the proposed amendments to the Directions.
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 matters 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 continue to:
 - a) rebuild the 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 to ensure conformity with the best value duty, thereby delivering improvements in services and outcomes for the people of Liverpool;
 - b) rebuild the governance capacity of the Authority, addressing the deep-seated culture of poor governance and leadership;
 - c) 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;
 - d) focus on improvements across the Authority that respond to issues identified in the Commissioners’ fourth report in relation to areas still with significant risks that need to be addressed to secure compliance with best value duty, including culture change and corporate functions.

4. Pursuant to his powers under section 15(5) and (6) of the 1999 Act, the Secretary of State directs:
 - a) The Authority to take the actions set out in Annex A to these Directions.
 - b) 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.
 - c) 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. The Directions issued on 10 June 2021 and 8 November 2022 are hereby revoked. All relevant actions and functions set out in Annex A and Annex B from the previous Directions stated have been captured within these Directions. These Directions shall remain in force until 9 June 2024 unless specified or 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.

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

7 MARCH 2024

ANNEX A

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); and

“the Authority” includes the Leader, the Cabinet, members of the Cabinet, any committee or sub-committee of the executive, any committee or subcommittee of the Council, any officer of the Council or any other person who has responsibility for exercising the function or other decision making in relation to the matter in question.

The actions to be taken by the Authority are:

1. To continue to progress improvement work in line with the Commissioner indicators across the Authority, and as a minimum:
 - a) Work with stakeholders to produce vital core strategies including a new city plan, capital, housing, and economic strategies and build the operational regeneration capacity in the City to deliver the outcomes articulated in these strategies.
 - b) Continue to strengthen the capital programme, financial resilience, management, and accountability.
 - c) From 31 March 2024, allow Commissioners to provide advice and challenge to the Authority on strategic decisions related to its finance function, including advice and challenge in relation to setting the annual budget and medium-term financial strategy.
 - d) Progress remaining finance improvement actions, specifically: embedding a business partnering model; to be in the final stages of implementing a new target operating model for procurement; develop a robust plan for finance system change; and significantly improve income collection.
 - e) Complete the review of the roles and case for continuing with each subsidiary company of the Authority. 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.
 - f) Continue to establish and implement a cultural change programme which embeds a customer focus, performance management culture, systems and reporting across the organisation.

- g) Continue to take steps to rebuild trust with residents and improve freedom of information performance, report writing, and systems to record delegated decisions.
 - h) Complete a review of strategic risk management and implement a strengthened mechanism based on its recommendations.
 - i) Significantly progress the implementation of the corporate landlord model; commence the stock condition surveys to better understand the asset base; develop comprehensive asset management plans; and produced a revised structure for the property directorate.
- 2. To report to the Commissioners on the delivery of the improvement work at regular intervals, of which the frequency will be determined by Commissioners.
- 3. 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.
- 4. 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.
- 5. 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 undertake their functions and responsibilities under these Directions.
- 6. To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
- 7. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request.
- 8. To co-operate with the Secretary of State for Levelling Up, Housing and Communities 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); and

“the Authority” includes the Leader, the Cabinet, members of the Cabinet, any committee or sub-committee of the executive, any committee or sub-committee of the Council, any officer of the Council or any other person who has responsibility for exercising the function or other decision making in relation to the matter in question.

The Commissioners shall exercise:

1. Until 31 March 2024, all executive functions associated with highways at the Authority.
2. All executive functions associated with regeneration and property management at the Authority.
3. All non-executive functions in relation to the appointment, organisation, and performance of persons to positions the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers:
 - a) The functions of designating a person as a statutory officer and removing a person from a statutory office to include.
 - 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 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.
4. Functions in relation to performance of staff, specifically the right to take part in the performance appraisal of the Chief Executive and any direct report to the Chief Executive (tier two).

5. All functions relating to the appointment, suspension, and dismissal of director of property, human resources, organisational development, or their equivalents.
6. Until 31 March 2024, 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.
7. All functions associated with the governance and scrutiny of strategic decision making by the Authority.