



Liverpool
City Council

Best Value Report: Supporting Document



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“ We are absolutely committed to acting on the recommendations and accelerating the progress we have already made. ”

Acting Mayor Cllr Wendy Simon and Chief Executive Tony Reeves



Liverpool City Council Statement:



Liverpool City Council takes the report findings extremely seriously.

We will address all of the issues raised and continue on our journey of improvement.

Government inspector, Max Caller CBE, carried out an inspection into the council's Highways, Regeneration and Property Management functions.

He has found failings in relation to land disposal, governance and the relationship between elected members and officers, and makes a series of recommendations to tackle them.

This includes sending commissioners to work alongside officers and councillors, a reduction in councillors and a move to all-out elections every four years.

Crucially, he believes the organisation has already taken steps to address the issues since the arrival of Chief Executive Tony Reeves in 2018.

Acting Mayor,
Cllr Wendy Simon
and Chief Executive
Tony Reeves:

“ This is a difficult day for our organisation and we take the report findings extremely seriously.

The inspector’s report has highlighted several failings, but there is a collective commitment from both councillors and officers to learn from these mistakes.

We would like to reassure all residents and businesses that we will take action to address all of the issues highlighted. We know we need to rebuild your trust.

It is reassuring that the inspector believes we have made progress in starting to deliver the wholesale changes needed.

A detailed improvement plan is being drawn up and will be implemented in full.

We will be open and transparent about the progress we are making on each of the recommendations.

This includes restructuring the organisation to strengthen our governance and ensure our work is aligned with our pandemic recovery pledges and the City Plan.

At the same time, we will ensure we keep delivering essential services and offering a helping hand to the people of our city. ”

The council’s improvement plan will be published after the local elections.

The [Government inspection report](#) can be found in [full here](#). Next is a summary of the report findings.

What did the inspector find that was good?

The city council has many hard-working, long-serving, committed and dedicated officers delivering key services in difficult circumstances.

- Councillors of all parties who encapsulate the best traditions of local democracy, working for their residents and striving to deliver the best possible outcomes for people and place
- Good record keeping in Planning, Planning Enforcement and Building Control
- Strategic leadership is evident in recent council activity and it is clear many officers want to move on and do things properly
- Significant improvements in how the council manages its property portfolio
- Significant changes to how the council purchases goods and services for the departments subject to this inspection
- Legal Services is now more visible and central to the authority's activities
- Steps to move functions around improving control and compliance is starting to have an impact.

What did the inspector find that needs tackling?

- Serious failings in both governance and practice in those areas of the council, subject to the inspection
- Major gaps in what would be normal documentary evidence to support the decisions and actions of the council at both member and officer level, particularly in Regeneration
- Insufficient resource at the top and in the corporate centre of the council to drive changes and embed them council-wide, given the recovery challenge
- A failure to demonstrate compliance with the statutory requirements with respect to ‘Best Value’ in the areas of the inspection
- The Highways service operates without a coherent business plan, direction or forward vision and were reluctant to make use of central procurement expertise and compliance with standing orders was poor
- The Property Asset Management service lacked senior direction and support to use property assets strategically to deliver sustainable regeneration projects in support of the corporate objectives of the council, and played a low level role in property transactions
- Property disposals followed a “depressingly familiar pattern” where the interests of the council were not always protected
- Both councillors and officers had a limited understanding of declarations of interest and hospitality registers
- A lack of appreciation of the Nolan Principles and the requirements of the Members Code of Conduct

What does the inspector recommend?

- Commissioners to support the council and its officers in preparing and delivering an improvement journey for an initial period of three years
- Commissioners to consider and consult upon a proposal to change the electoral cycle to an all-out election once every four years, with a reduced number of Councillors elected on a single member ward basis.

An improvement plan must also be prepared and implemented which:

- Improves the ethical governance framework
- Constitutes the Audit Committee as a stand-alone committee
- Re-establishes scrutiny activity
- Introduces best practice Standing Orders and Regulations for contracts and property disposals
- A review of the scope, content and reporting of all delegated powers
- Establish a specific code of conduct for all elected members when dealing with Planning and Licencing matters
- Require mandatory training of members in key activities, including behaviours, before participation in council activities other than Full Council
- Improve the content and updating of declarations of interests, gifts and hospitality, for both elected members and officers
- Training to enable elected members to understand their obligations under the Code of Conduct, expected behaviour including the registration of interests and proper disclosure of gifts and hospitality
- Require the consent of Commissioners before there is a Heads of Terms for any property transaction, and subsequent consent before any legally binding commitment is entered into

- In the first 24 months, review the roles and case for continuing with each subsidiary company of the city council
- Ensure that Directors of subsidiary companies appointed by the city council are appropriately skilled in either technical or company governance matters to ensure each board functions well
- To oversee a detailed structure and strategy for Highways
- Effective file management system
- Devise and implement a programme of cultural change for both elected members and officers
- Introduce and embed good practice right across the council – politically and managerially – building on the start that has been made by the council's current Chief Executive.

What has the council already done to address concerns?

The last 18 months has seen:

- Enhanced oversight of decision making at all levels by statutory officers of the council ensuring 'Best Value'
- Robust due diligence procedures followed in all service areas and the sharing of intelligence across the council, in respect of land and property issues and development activity
- Enhancement of contract management processes for procurement
- Increased capacity and control measures agreed including for enforcement activity, Planning, Highways and Property and Asset Management
- Changes in management structures for Property Management in December 2018 and planning in December 2020 so there are clear reporting lines to statutory officers
- The council's Chief Solicitor and Monitoring Officer reporting directly to the Chief Executive and taking responsibility for audit
- Additional capacity to support Highways and Regeneration from the Combined Authority
- Roll-out of fraud, bribery and corruption training across the council
- Programme of welfare support in place for those service areas most affected by the police investigations and 'Best Value' inspection
- Open-door policy for affected staff to highlight areas of concern
- External support through CIPFA to help develop the property and asset management strategy and policy
- Changes made to the governance of the council's wholly-owned companies following inspection feedback.



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