

**Introduction to the 2016-17 Statement of accounts by the Chairperson to the Authority,
Councillor Graham Morgan**

Chairperson’s introduction

I am pleased to introduce the Merseyside Recycling and Waste Authority’s Statement of Accounts for 2016-17. The Authority continues to place an important emphasis on the use of waste as a resource and this is reflected in the outward facing name of the Authority and our priorities.

As Members of the Authority my colleagues and I have a duty to ensure the effective use of financial and staffing resources to deliver services to Merseyside residents. The Authority’s turnover of £73.3M is managed by a staff of 30 and we report to the public on the exercise of our responsibilities annually through the statement of accounts.

The accounts show people across Merseyside how much our services have cost and how funding for those services has been provided. They help to provide reassurance to the people of Merseyside about the care we take over the public funds that have been placed at our disposal by the public through the Levy.

Once again, for the seventh year, the Levy in 2016-17 did not increase in overall terms. The constituent District Councils continue to face

significant financial pressure and the Authority sought to respond by using its reserves to mitigate the impact of its costs through the levy. This approach has been successful for a number of years but may not be possible in future as the gap between spending and income is becoming unsustainable.

During 2016-17 the Authority has started to move from mainly disposing of waste via landfill sites to disposing of waste through the new Energy from Waste plant managed by Merseyside Energy Recovery Ltd. Commissioning is taking longer than expected but the plant will be fully operational in the summer of 2017; it will provides long term economically and ecologically beneficial solution for Merseyside.

At the same time the Authority has continued to work with Veolia ES who provide a network of Household Waste Recycling Centres, transfer stations for waste and two Materials Recycling Facilities which separate and sort dry recycled waste collected by Districts from households.

The Authority continues to monitor and manage a number of closed landfill sites across Merseyside,

meeting our environmental liabilities and ensuring they do not pollute the local environment.

The Authority promotes the need to use less; re-use and recycle more and to raise waste up the waste hierarchy through its Community Fund and the range of events and Education it is involve in.

Effective financial management has been key to ensuring the Authority is able to utilise balances to offset future financial pressures. The Authority has planned to use and has used its balances to offset cost pressures that would otherwise impact on the Levy for Districts. At the same time the Authority continues to review all of its costs and works to mitigate the impact of the Levy on the District Councils. The Authority aims to be an efficient and low spending organisation which is sustained through a sound financial function.

GRAHAM MORGAN
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Chairperson of the Authority

Graham Morgan
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Date 22/9 2017



Narrative Statement

Peter Williams: Treasurer

(c) making arrangements for the recycling and composting of waste and meeting its statutory performance standards;

(d) discretionary payment of 'recycling credits' to third parties; and

(e) aftercare of seven former landfill sites in the ownership, or under the control of, MRWA.

The Environmental Protection Act 1990 also gives MRWA certain powers for the purpose of discharging its duties. In relation to controlled waste, this includes a power to 'give directions to the waste collection authorities within its area as to the persons to whom and places at which such waste is to be delivered.'

There are various other duties and powers granted to MRWA including powers to minimise the generation of controlled waste (ie. household, commercial and industrial) under the Waste Minimisation Act 1998; and a duty to apply the Waste Hierarchy under the Waste (England and Wales) Regulations 2011 and as amended in the Waste (England and Wales) (Amendment) Regulations 2012.

authorities have no such disposal powers, but are statutory waste collection authorities and have a duty to deliver controlled waste to MRWA for disposal.

The functions, role, duties and powers of MRWA are set out in law and can only be amended by changes in statute. This has taken place in the past, under the terms of the Environmental protection Act 1990 when the role of the Authority was amended.

Under the Environmental Protection Act 1990, MRWA is primarily responsible for:-

- a) making arrangements for the disposal of waste collected by its constituent Waste Collection Authorities (namely Knowsley MBC, Liverpool CC, St Helens MBC, Sefton MBC and Wirral MBC;
- b) providing and making arrangements (with contractors) for the provision and operation of Household Waste Recycling Centres (HWRC) for use by members of the public and the removal of wastes deposited at those sites;

Background: the Authority and its Functions

Merseyside Recycling and Waste Authority (MRWA), which is the public facing name of the statutory joint waste Authority) came into being on 1st April 1986 on the demise of the former Metropolitan County of Merseyside. The statutory duty and powers over waste disposal were allocated to the new Waste Disposal Authority which was created for the purpose of waste disposal.

The arrangements mean that MRWA is a local authority that meets to take decisions on how it fulfils its responsibilities. MRWA is made up of Councillors (the Members) appointed to the Authority by each of the constituent authorities in Merseyside. The number of Members appointed by each Council is set by statute. The Authority is made up of nine Members appointed by the constituent authorities as follows: Liverpool 3, Sefton 2, Wirral 2, Knowsley 1, St Helens 1. These appointed Members sit as the local authority on a statutory basis.

MRWA has all the legal duties and powers to dispose of Merseyside's waste. The constituent



Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Director of Finance's responsibilities

The Director of Finance, elsewhere referred to as the Treasurer to the Authority, is responsible for the preparation of the Authority's Statement of Accounts in accordance with statutory proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this statement of accounts the Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the local authority Code.

The Director of Finance has also

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Peter Williams
Treasurer to the Authority



Date 22/8/17

Certificate

I certify that this Statement of Accounts presents a true and fair view of the financial position of Merseyside Recycling and Waste Authority (the statutory Waste Disposal Authority for Merseyside) at 31 March 2017 and its income and expenditure for the year then ended. In doing so I authorise the Statement for issue and confirm that it is this date up to which events after the Balance Sheet date have been considered in preparing the Statement.



Peter Williams
Treasurer to the Authority

Date 20/8/17

Significant governance issues

The review process did not highlight any significant issues regarding the Authority's governance or internal control environment.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.


Other governance issues

The review process highlighted some areas where there is a need to improve governance and controls. Whilst these are important and action plans are being developed to address them they are not considered significant. Areas for improvement include:

- Contribution to the Implementation of the Strategic Review undertaken by the Merseyside Councils and the Combined Authority.
- A review of the Performance Management System to ensure it delivers effective outcomes

Signed: 

 Chief Executive
 April 2017 22/8/17

Signed: 

 Chair
 April 2017 22/8/17



- Inter Authority Agreements are being reviewed and where appropriate, put in place to ensure effective partnership and joint working arrangements; and
 - Internal Control Statements of Assurance are obtained from the Chief Executive as Chief Officer for Authority, from St Helens MBC which provides key services and from the board of Mersey Waste Holdings limited in which the Authority has a vested interest.
- Review of effectiveness
- The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority, namely the Primary Assurance Group, who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectors.
- The Authority measures its arrangements against a Code of Corporate Governance developed and approved by the Authority in accordance with the

- CIPFA/SOLACE framework. The Code supports the delivery of good governance through the establishment of the following roles:
- the Authority is responsible for the approval of the Code of Corporate Governance and its associated annual review and assessment;
 - the Authority is responsible for the approval of the Annual Governance Statement;
 - the Authority is responsible for the approval of the Annual Statement of Accounts once they have been approved by the Chief Finance Officer and audited;
 - the scrutiny function is provided by the full Authority;
 - the Chief Finance Officer is responsible for ensuring the proper financial administration of the Authority, including:
 - the preparation of the statement of accounts;
 - accounting records and control systems; and
 - internal audit

- audit and risk issues are dealt with by the full Authority; and
 - the Audit and Governance Committee has delegated powers to deal with governance matters where statutory deadlines require approvals prior to scheduled full Authority meetings.
- The Primary Assurance Group has reviewed the Authority's Code of Corporate Governance and conducted an annual assessment to identify and address any weaknesses in the Authority's governance arrangements. An action plan for delivering improvements has been developed and will be implemented during 2017/18 to continue to strengthen and improve the Authority's governance.
- We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Primary Assurance Group and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Certificate

I confirm that these accounts present fairly the position of Merseyside Recycling and Waste Authority (the statutory waste disposal authority for Merseyside) as at 22 September 2017 and are authorised for issue as at that date.

Peter Williams CPFA



Treasurer to the Authority

Date

22/9/17

2015/16	2016/17	Notes
£000	£000	
(1,505)	(6,716)	
Net surplus or (deficit) on the provision of services		
(2,682)	21	(5,352)
Adjustment to surplus or deficit on the provision of services for non-cash movements		
(2,340)	21	(1,740)
Less items included in the net surplus or deficit on the provision of services that are investing and financing activities		
(4,000)	21	(55)
Less items included in the net surplus or deficit on the provision of services that are investing and financing activities		
2,153		
Net cash flows from operating activities		
(1,752)	22	26
Net Cash flows from Investing Activities		
(5,070)	23	(2,343)
Net Cash flows from Financing Activities		
(4,669)		(12,589)
Net increase or decrease in cash and cash equivalents		
926		5
In Year Adjustment		
11,257		
Cash and cash equivalents at the beginning of the reporting period		
7,514		
7,514		
Cash and cash equivalents at the end of the reporting period		

The Cash Flow Statement

The cash flow Statement shows the changes in cash and cash equivalents of the Authority during the year. The statement shows how the Authority generates cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of Levy or from charges for services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.