

**EXTERNAL AUDITOR'S INTERIM VALUE FOR MONEY REPORT**  
**WDA/18/22**

**Recommendation**

That:

1. The Auditor's findings attached at Appendix 1 be noted; and
2. Members note the recommendations contained within the auditor's report to strengthen the Authority's partnership governance; performance management and reporting; and economy efficiency and effectiveness; and
3. Request the Chief Executive to develop appropriate responses to the improvement opportunities identified and to report to Members as necessary.

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**Report of the Treasurer**

**1. Purpose of the Report**

- 1.1 To present Members with the findings, conclusions and recommendations resulting from Grant Thornton's review of the way the Authority and Councils across the City Region work together in delivering the strategic waste agenda for the region.

**2. Background**

- 2.1 The external audit regime has been subject to some changes, in particular in relation to the way the auditor reaches a conclusion on value for money arrangements and their need to make recommendations more routinely going forward. The external auditor has duties under the section 24 of the Audit and Accountability Act 2014 to make recommendations where in their view the arrangements at a local authority require them to seek improvements.
- 2.2 The report covers all the external auditor's responsibilities in respect of the Value for Money Conclusion they are required to reach as part of their work. Previously the Value for Money Conclusion was made at the conclusion of the whole of the external auditors work. Under the changes made to the Audit regime they are now required to consider whether any recommendations should be made before the conclusion of all their work, so that they may be presented to the audited body (in this case MRWA) in a way that enables any recommendation and response to be made in a more timely fashion.
- 2.3 The outcome of the work carried out by Grant Thornton (the external auditor) is fully reported at Appendix 1 to this report.

**3. Interim Value for Money report**

- 3.1 The auditor's report to MRWA Members is in respect of work that they carried out not only at this Authority but across each of the Councils in the City Region for which Grant Thornton are the external auditors. The same

report has gone to each of the local authorities in the report and a number of the conclusions and recommendations are not solely for MRWA to consider but are also for the Councils to consider, sometimes separately and sometimes together with MRWA.

- 3.2 The key issues covered by the report relate to the way those Councils together with MRWA are addressing the strategic waste agenda, so that they work well together and achieve value for money.
- 3.3 In setting out their review the external auditors have taken into account an earlier strategic review of waste that was carried out across Merseyside in 2016. That review was carried out by Local Partnerships and was commissioned at the time by the District Councils across the City Region.
- 3.4 The auditor worked alongside MRWA and the Councils to assess the relevance of the proposals made by the earlier review and to identify more up to date conclusions that could be reached about strategic waste management arrangements across Merseyside. Thereafter the auditor was able to identify a number of recommendations that, in their view, would help the Councils and the Authority to improve strategic waste management for the City Region.
- 3.5 The Auditor's conclusions are set out in detail in their report at Appendix 1, but in essence they have made recommendations over three main headings:
  - Improving Partnership Governance Arrangements;
  - Improving performance management and reporting arrangements; and
  - Improving economy efficiency and effectiveness.
- 3.6 In each of these areas there are a number of sub-recommendations, some of which are geared more towards MRWA and others that look more towards the partnership and the District Councils themselves.
- 3.7 In the case of each over-arching set of recommendations, Members will note that a Management Response has already been included as part of the auditor's report. Whilst this may not provide a comprehensive response to the issues raised it does appear to focus on one of the key issues, that of governance.
- 3.8 Since the auditor commenced their work, the City Region's Joint Waste Partnership has been developed and is implementing reviews of strategic waste arrangements across the City Region. This reflects one of the key

recommendations made by the auditor in respect of governance and may be considered as a good initial step forward.

3.9 As part of an initial action plan agreed by the Partnership, they will review future governance options for the Partnership and report these for consideration at a political level.

3.10 The Partnership has commissioned Local Partnerships, who did the original Strategic Review of Waste Management in the city region, to undertake a 'light touch' update of the 2016 report which will include a review of the future governance options.

#### **4. The next steps**

4.1 The Authority is asked to consider how to move forward with those recommendations that apply to the Authority and to contribute where the recommendations apply to the wider arrangements across the City Region.

4.2 The Chief Executive is requested to develop appropriate responses to the auditor's recommendations, reporting to Members as necessary.

#### **5. Risk Implications**

5.1 If the Authority fails to respond to the Auditor's proposals there is a risk that there will be an adverse value for money conclusion reached by the Auditor. This would reflect their view that the arrangements have been reviewed and may be improved. If there is no subsequent change then the auditor would be required to consider whether their improvement proposals should become statutory recommendations in a future report.

#### **6. HR Implications**

6.1 There are no HR implications associated with this report.

#### **7. Environmental Implications**

7.1 There are no environmental implications associated with this report.

#### **8. Financial Implications**

8.1 There are no direct financial implications arising from this report

## **9. Legal Implications**

- 9.1 The auditor is required to bring their findings to the attention of the Authority in a timely fashion, the report attached at appendix 1 provides them with this opportunity

## **10. Conclusion**

- 10.1 Members are asked to note the recommendations contained within the auditor's report to strengthen the Authority's financial and governance arrangements in respect of the wider Strategic Waste Partnership. The Chief Executive is requested to develop appropriate responses, reporting to Members as necessary.

The contact officer for this report is: Peter Williams  
7th Floor, Number 1 Mann Island, Liverpool, L3 1BP

Email: [peter.williams@merseysidewda.gov.uk](mailto:peter.williams@merseysidewda.gov.uk)

Tel: 0151 255 2542

Fax: 0151 227 1848

The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.