Grant Thornton

Merseyside Recycling and Waste Authority

Auditor's Annual Report for the year ended 31 March 2024

7 August 2025

Contents

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Section	Page
Introduction	03
Executive summary	04
Opinion on the financial statements and use of auditor's powers	11
Value for Money commentary on arrangements	14
The current local government landscape	15
Financial sustainability	16
Governance	21
Improving economy, efficiency and effectiveness	27
Recommendations raised in 2023/24	34

Appendices

Appendix A – Responsibilities of the Audited Body

Appendix B – Value for Money Auditor responsibilities

Appendix C – Follow-up of previous recommendations

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

© 2025 Grant Thornton UK LLP.

Introduction

Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Merseyside Recycling and Waste Authority (the Authority) during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. This report is an interim report as we cannot finalise our VFM work until the 2023-24 financial statements audit is completed.

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out in Appendix A.

Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Responsibilities of the appointed auditor

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Value for money

We report our judgements on whether the Authority has proper arrangements in place regarding arrangements under the three specified criteria:

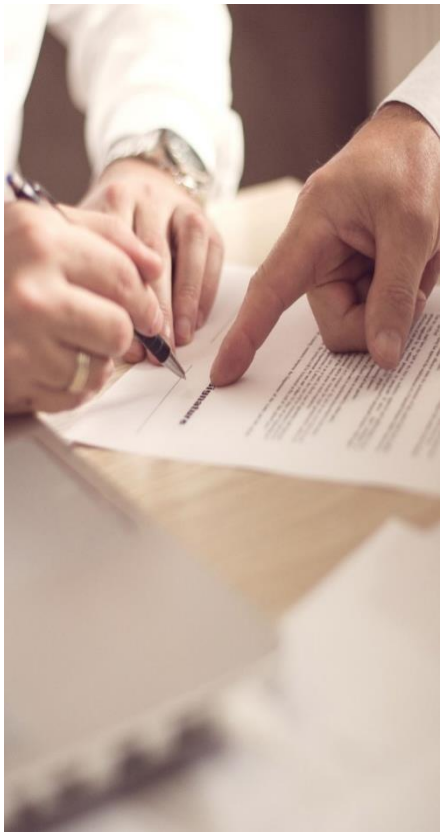
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 13 with a commentary on whether any of these powers have been used during this audit period.



© 2025 Grant Thornton UK LLP.

Executive summary

Executive summary

Overall summary of our Value for Money assessment of the Authority's arrangements

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2023/24 is the fourth year that these arrangement have been in place.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements		2023/24 Risk assessment	2023/24 Auditor judgement on arrangements		Direction of travel
Financial sustainability *(including Financial aspects of Governance)*	R	A significant weaknesses in arrangements identified and existing statutory recommendation (raised in 2021/22) is relevant to 2023/24 because of the historic lack of audited financial information. A supporting Key Recommendation has been raised to prioritise finding permanent capacity in the finance team to support financial statement production. Improvement recommendations raised across several aspects of financial sustainability.	Risk identified because of the Statutory Recommendations raised in November 2021 because of a lack of financial statements available to audit for 2018/19 to 2023/24.	R	A significant weaknesses in arrangements and the existing statutory and key recommendations remain relevant to this financial year. Improvement recommendations have been carried forward across several aspects of financial sustainability	↔
Governance	A	No significant weaknesses in arrangements identified, but improvement recommendations made.	No risks of significant weakness identified.	A	No significant weaknesses in arrangements identified related to 2023-24, but improvement recommendations have been carried forward to support the Authority in improving its governance arrangements for 2023/24. We have identified a significant weakness related to 2024-25 in respect of implementation of the new hosted ledger, coding of transactions and budget monitoring.	↔
Improving economy, efficiency and effectiveness	A	No significant weaknesses in arrangements identified, but improvement recommendations made.	No risks of significant weakness identified.	A	No significant weaknesses in arrangements identified, but improvement recommendations have been carried forward to support the Authority in improving its economy, effeciency & effectiveness arrangements for 2023/24.	↔

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Our summary findings are set out below. Our recommendations and management responses are summarised in the section starting on page 33.

Financial sustainability

While the Authority's financial delivery against budget appears to have been good in 2023/24 the absence of audited financial statements for 2022/23 and 2023/24 exacerbated by inadequate capacity within the finance team means that we cannot give full assurance on the reported position and the level of available reserves. This issue reflects a significant weakness in arrangements and previously resulted in the issue of a Statutory Recommendation in November 2021 and a Key recommendation in 2024 (SR1 and KR1 respectively) which carry forward into 2023/24. The draft outturn position reported for 2023/24 did not indicate significant weaknesses in financial planning, budget monitoring or budgetary control processes. The Authority has set a balanced budget for 2024/25 through the use of general fund reserves. The Authority has a three-year Medium-Term Financial Plan in place.

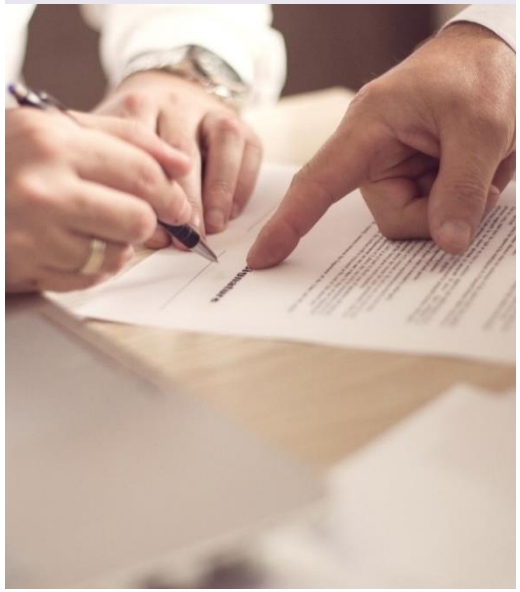
There are further inadequate arrangements in place to implement an effective bank statement reconciliation control (SR2) and in regard to the coding structure for Authority transactions on the financial ledger hosted by St Helen's Council. We recognise that the Authority does not directly hold cash which is managed by St Helens Council under a provider agreement. However, it is crucial that the Authority monitors the cashflows for which it is ultimately accountable in addition to debtors and creditors, in order to provide adequate governance and oversight of its financial position. At present, no such control is in place. This weaknesses undermines the Authority's arrangements to ensure financial sustainability. We note that the Authority's ledger system is hosted by St Helens Council and there is a process of transitioning to a new system and chart of accounts, intended to resolve the issues raised in 2021 regarding coding of MRWA accounts and the Statutory Recommendation on this point (SR3). The lack of progress since 2021 in resolving these issues have resulted in a further significant weakness (SR4 and KR2).

Due to the significance of these matters, the four statutory and two Key recommendations raised in November 2021 and April 2024 respectively carry forward into our VfM assessment for 2023/24. We note that some progress has been made, particularly in clearing the backlog of draft financial statements up to 2021/22 and we include further detail on the following pages. Based on our areas of focus and evidence considered, we have not identified any further significant weaknesses in arrangements to ensure the Authority manages risk to its financial sustainability. However, we have rolled forward a number of improvement recommendations raised in prior years which have not yet been fully resolved.

In conclusion, while some progress has been made there remains significant work for the Authority to do to resolve the areas of significant weakness in financial sustainability including the financial aspects of governance.

We wish to emphasise that it is now of crucial importance that the Authority demonstrates significant progress on addressing the significant weaknesses in its arrangements to ensure we have identified in Financial Sustainability, which have persisted for a number of years. It is equally important that the more recent weaknesses arising from the transition to the new financial leger system in 2024/25 (see page 10 below) are also addressed promptly. Failure to do so will require us to consider the further exercise of auditor's powers including the issue of a public interest report.

The Authority published draft accounts on 29 May 2025. The statutory backstop deadline for publication of audited accounts was 28 February 2025. Given the timing of the publication of the accounts we issued a disclaimer of our audit opinion on 7 August 2025 in line with the backstop legislation.



© 2025 Grant Thornton UK LLP.

Executive summary

Governance

The Merseyside Recycling and Waste Authority (MRWA) demonstrates a good governance framework through adherence to the CIPFA/SOLACE framework, transparent decision-making, and robust annual reviews of its Code of Corporate Governance. Notable achievements include completing 85% of its 2023/24 improvement plan and maintaining transparency in procurement and contract management. However, challenges persist in its risk management practices, with outdated strategies, limited member oversight, and a simplistic Risk Register lacking best-practice elements like RAG ratings and accountability links. While member engagement has improved through training, attendance and expertise remain inconsistent, potentially impacting governance quality. Recommendations to enhance risk oversight and refine member protocols could further strengthen MRWA's governance arrangements.

We have also raised an additional Significant Weakness and Key Recommendation relating the deterioration of quarterly budget reporting after the 2023/24 year-end (during the current financial year 2024/25). We note that the transition to the new financial ledger system has interrupted the regular reporting of budget variances on a quarterly basis in 2024/25. The Authority has notified us of challenges they have been facing with the finance systems as the Authority transitions to a new way of working and new systems with St Helens Council who host systems for the Authority. We have been informed that the Authority is working closely with St Helens Council to resolve the coding issues and we will revisit this issue in our 2024/25 audit. We have raised a new Key Recommendation (KR3) that the Authority must as a matter of priority, work with St Helens Council to resolve the coding issues that have arisen following the implementation of the new ledger system and the impact on financial monitoring and reporting during 2024/25 (see page 10 below).

In conclusion and based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the Authority's arrangements for ensuring that it makes informed decisions and properly manages its risks. Note that in reaching this conclusion, we have opted to consider the governance aspects of the significant weaknesses and the related Statutory and Key Recommendations under the Financial Sustainability theme rather than in governance. However, we have identified areas where the Authority could improve its governance arrangements and as such, have raised several improvement recommendations which have been accepted by Management.

Improving economy, efficiency and effectiveness

The Authority demonstrates strengths in its operational frameworks, including robust internal data monitoring, and collaborative partnerships through regional strategies like the Joint Recycling and Waste Management Strategy (JRWMS). Its commitment to long-term goals is evident in ongoing initiatives such as preparing for the Waste Management and Recycling Contract (WMRC) expiration in 2029 and fostering community engagement via behavioural change programs. However, challenges remain in aligning Service Delivery Plans with budgets, addressing vague actions, and improving the detail and frequency of KPI reporting. Recycling rates continue to decline, particularly in Liverpool, and performance monitoring lacks benchmarking against national standards. Addressing these gaps through SMART action planning, enhanced member oversight, and diversified recycling strategies is crucial to improving economy, efficiency, and effectiveness.

In conclusion and based on our areas of focus and evidence considered, we have not identified any significant weaknesses in arrangements to ensure the Authority manages improving economy, efficiency and effectiveness. However, we have identified areas where the Authority could improve arrangements and as such, have raised several improvement recommendations which have been accepted by Management.

© 2025 Grant Thornton UK LLP.

Continuing statutory recommendations

The range of recommendations that external auditors can make is explained in Appendix C.

Statutory Recommendations – Financial Statements Production (November 2021)

Grant Thornton raised Statutory Recommendations to the Authority in November 2021 as a result of findings during our financial statements audit work. The recommendations were raised as a result of a lack of financial statements being produced to be audited from the 2018/19 financial year onwards. Each of these areas reflect a significant weakness in the Authority's arrangements to deliver financial sustainability. The recommendations covered four key points:

SR1 - The Authority should put in place arrangements to address the weaknesses identified within the finance team, in our view the Authority should increase the budget available to enable it to obtain CIPFA Qualified technical support to assist in the resolution of the prior year account issues and also accounts preparation in future years. This should help to ensure robust processes are brought into place for the Authority's financial reporting responsibilities and reporting requirements. It should also ensure that there is sufficient capacity within the finance team to respond to audit information requests and queries in a timely manner. This should include quality control and oversight functions

SR2 - The Authority should implement a cash reconciliations control

SR3 - The Authority should evaluate options for creating a ledger coding structure that is more reflective of the activities of the Authority.

SR4 - The Authority should report progress against the action plan (to respond to the recommendations) to full Authority at every meeting

The recommendations sought to rectify the causal factors associated with the lack of financial statements which were a lack of capacity in the finance team to produce the required accounts and working papers, ineffective and cumbersome ledger system causing delays in information, a complex and inaccurate accounts production spreadsheet and inadequate cash reconciliation controls.

Actions have been taken to respond and financial statements have now been produced for 2018/19 to 2021/22. The auditor's reports for each of these years' were issued in December 2024 and were all disclaimers of opinion. The draft accounts for 2022/23 and 2023/24 were published in May 2025 and disclaimers of opinion on each of these were issued on 7 August 2025 under backstop legislation . As such, there is no audit assurance over the accounts of the Authority for several years and therefore, the integrity of the information, on which financial decisions are based, cannot yet be verified.

Progress in 2023/24 and to date

Statutory Recommendations 1 to 4 remain open for 2023/24

The statutory recommendations remain open and relevant until they can be fully addressed and it is important that management take the opportunity arising from Local Government backstop legislation to focus on achieving the timetable for producing the 2024-25 draft financial statements and supporting the subsequent audit process.

In regard to statutory recommendation 1, the production of accounts and the capacity of the finance team to progress this remains a challenge for the Authority although significant progress has been made on the accounts backlog along with recent recruitment to the finance team. The backstop legislation has allowed audit reports to be issued in respect of 2018/19 through to 2021/22 during 2024 and for 2022/23 to 2023/24 in May 2025.

We note that the Authority missed the deadline for publishing 2022/23 and 2023/24 accounts which would have enabled audit reports to be issued by the statutory deadlines. Please see also Key recommendation 1 carried forward from our previous Auditor's Annual Report, which supports this recommendation (summarised overleaf).

In regard to statutory recommendations 2 and 3 these will remain open until we have been able to audit cash balances and gained assurance on the revised ledger structure. This process will begin as part of our financial statements audit for 2024/25.

In regard to statutory recommendation 4, we note that the Authority has been monitoring progress but we will need to see the successful completion of all outstanding statutory and key recommendations in order to demonstrate that there has been effective oversight from the Authority. Please see also Key recommendation 2 carried forward from our previous Auditor's Annual Report report which supports this recommendation (summarised overleaf).

© 2025 Grant Thornton UK LLP. Confidential and information only.

Continuing key recommendations

Financial sustainability

In our previous Annual Auditor's report covering the years 2020/21, 2021/22 and 2022/23 dated April 2024 (presented to the Authority on 22 November 2024) we issued two further Key recommendations to support the existing statutory recommendations.

Key Recommendations (from April 2024)

KR1 - Lack of permanent finance team capacity

A lack of capacity in the finance team has been identified as a key cause in the backlog of financial statements production, going back to 2018/19. Support was gained from KPMG in June 2023 to support financial statement preparation, following unsuccessful earlier attempts to increase capacity in the finance team or gain temporary support. This fulfils the part of the November 2021 Statutory Recommendation aimed at rectifying the historical backlog of financial statements. Financial statements have now been produced and made available for 2018/19 to 2021/22, 2022/23 remain in progress. No succession plan is in place for finance team capacity beyond KPMG's current support, which is a temporary measure. This support also comes at a cost to the Authority.

As such, we recommend that the Authority prioritise finding permanent capacity within the finance team , either through internal or external support, to facilitate future financial statements. This capacity will also be vital in ensuring that the financial statements that have been produced can be audited, with appropriate support from the finance team for queries, to enable assurances to be provided and the information to be relied upon.

KR2 - Timeliness of response to statutory recommendations

Statutory Recommendations were raised by Grant Thornton in November 21 (2021/22 year). Although Members have been kept effectively updated with the progress of the response at each Committee meeting the recommendations are yet to be responded to in full. This has been predominantly due to a challenging market for CIPFA qualified accountants and capacity for temporary support being limited. The progress updates provided to Members constitute the action plan in place to respond to the recommendations. The updates cover all aspects of the recommendation in narrative form but do not include useful details such as individual actions or milestones for each recommendation, target dates and responsible individuals. A detailed action plan including these details would provide Members with appropriate information that would assist them in scrutinising progress and holding individuals to account. As such the action plan itself could be more effective, ultimately improving the pace of response as interventions to improve progress could be taken in a more-timely manner. A slow response rate has also been noted in relation to the Grant Thornton interim VFM work for the Liverpool City Region partners, including the Authority, from September 2022 which per 'Follow Up of Prior Year Recommendations' (pages 49-56) is still largely in progress. We do note progress in many areas where the Authority can control the response and further response is still required from the region as a whole. The Key Recommendation therefore relates to timeliness of response where the Authority can control the action taken, with an acknowledgement that as a partner in the Liverpool City Region they play a role in the collective response.

In order to ensure there is a timely response to recommendations from external reviews, including external audit VFM and Statutory Recommendation work, we recommend that the Authority ensure it develops detailed action plans to assist Members in effectively holding relevant officers to account for the actions they have committed to achieve at key milestones.

Progress in 2023/24 and to date

Key Recommendation 1 remains open for 2023/24

The key recommendation remains open for 2023/24. We note that the Authority has been progressing the training of a CIPFA accountant to support the level of technical finance expertise. We also note that the Authority has recently appointed a new Treasurer and financial accountant due to retirement of the existing post holders. The accounts for all outstanding years' including 2023/24 have now been published, though for 2022/23 and 2023/24 the timing meant that audit reports could not be issued in line with backstop legislation requirements. Management are working to achieve statutory deadlines for 2024/25 and we will revisit progress as part of our work going forward.

Key Recommendation 2 remains open for 2023/24

The key recommendation remains open for 2023/24. While we note that Members have been kept up to date with progress during 2023/24 and 2024/25 through periodic update reports, the Authority has yet to implement a detailed action plan to programme manage delivery and assist members in effectively holding officers to account (for example, measuring progress against set targets or milestones and resource requirements/investment needs). We note this in the context of the failure to meet the deadline for the backstop of outstanding 2022/23 and 2023/24 accounts.

We will revisit the progress made as part of our 2024/25 audit. Failure to demonstrate sufficient progress will require us to consider the further exercise of auditor's powers including the issue of a public interest report.

© 2025 Grant Thornton UK LLP. Confidential and information only.

New Key Recommendation for 2024/25

Significant Weakness in Governance – Monitoring and reporting of the financial position in 2024/25

Note that this significant weakness does not impact on our VfM assessment for 2023/24 as the weakness in arrangements arises from the implementation of the new ledger system from 1st April 2024 and therefore will form part of our 2024/25 audit. However, in our view it is necessary to inform the Authority of our findings in this regard at the earliest opportunity.

From 1 April 2024 the Authority's financial ledger system hosted by St Helens Council transitioned to a new system. As part of this transition, it was intended that a new chart of accounts would be introduced, responding to the issues raised in 2021 regarding the coding of MRWA accounts within the ledger - we had previously raised Statutory Recommendation on this point (SR3) which remains open in 2023/24.

We noted that the transition to the new financial ledger system has interrupted the regular reporting of budget variances on a quarterly basis in 2024/25, which indicates a weakness in governance arrangements. The Authority has notified us of challenges they have been facing with their finance systems as the Authority transitions to a new way of working and new systems provided by St Helens Council. As a result, no Quarter 1 report was produced for 2024/25 because of the introduction of the Unit 4 financial system and that, for the first 6 months of the year, all invoices received were coded to a single ledger code. Quarter 3reporting was not done either because the implementation was still not complete and the split of the information between cost centres was inaccurate. We note that the finance team went through and manually worked through the code splits for Quarter 2 but they took a decision not to do it again in Quarter 3 as it was extremely time consuming, not sufficiently informative, and budget and Levy setting had to take priority (emphasising the challenge of limited capacity within the finance team). The detailed numbers underlying the overall position against budget were not reliable as they were unable to adequately split total costs incurred between cost centre codes that were consistent with the Authority's organisational structure. This is indicative of a wider and potentially more significant issue with the configuration of that part of the new ledger system that deals with the Authority's transactions. We have been informed that the Authority is working closely with St Helens Council to resolve the coding issues. We will revisit progress in this area as part of our 2024/25 work but have raised a significant weakness now and a key recommendation as follows:

Key Recommendation 3

The Authority must as a matter of priority, work with St Helens Council to resolve the coding issues that have arisen following the implementation of the new ledger system. This has impacted the Authority's ability to monitor and report budget variances effectively during 2024/25.

© 2025 Grant Thornton UK LLP.

Opinion on the financial statements and use of auditor’s powers

Opinion on the financial statements

Audit opinion on the financial statements

The Authority published draft financial statements on 29 May 2025. This publication date did not enable the statutory period for public inspection to be completed and the auditor's report to be issued in advance of the Local Government backstop date of 28 February 2025.

Given the publication date of the draft financial statements and the requirements of the backstop legislation, we have not audited the financial statements for 2023/24. We therefore issued a disclaimer of the audit opinion on 7 August 2025.

The audit opinion will be included in the Authority's Annual Accounts for 2023/24, which will be made available on the Authority's website.

Grant Thornton provides an independent opinion on whether the Authorities financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

Findings from the audit of the financial statements

We have been unable to perform a full audit of the financial statements due to the timing of the publication of the draft accounts and the impact of backstop legislation.

This means that we have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2024, as a whole, are free from material misstatement. This limitation in scope is pervasive and therefore we issued a disclaimer of the audit opinion.

Audit Findings Report

We reported the findings from our audit in our Audit Findings Report. A final version of our report was presented to the Authority's Audit Committee on 7 August 2025. Requests for this Audit Findings Report should be directed to the Authority.

© 2025 Grant Thornton UK LLP.

Use of auditor's powers

We bring the following matters to your attention:

	2023/24
Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.	Statutory recommendations were made in November 2021 as a result of findings during our financial statements audit. The issues relate to issues in producing accounts for audit since 20218/19 and continue to be relevant for 2023/24. See page 8 for details of the recommendations made. The Authority has made some progress to address issues but the identified weakness remains until financial statements can be completed to statutory timetables including comprehensive supporting working papers and capacity within the finance team to support timely delivery of the audit process.
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	We did not issue a public interest report.
Application to the Court Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	We did not make an application to the Court.
Advisory notice Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority: • is about to make or has planned which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful.	We did not issue any advisory notices.
Judicial review Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.	We did not make an application for judicial review.

© 2025 Grant Thornton UK LLP. Confidential and information only.

Value for Money
Commentary on arrangements

The current local government landscape

It is within this context that we set out our commentary on the Authority's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.

Local context

Merseyside Recycling and Waste Authority (MRWA) is the public facing name of the statutory waste disposal Authority for Merseyside (Merseyside Waste Disposal Authority – MWDA). The Authority came into being on 1 April 1986 on the demise of the former Metropolitan County of Merseyside, under a local government restructure that impacted other Metropolitan Counties. In the case of many of the disbanded counties their waste disposal function went to each of the constituent District Councils, which became the statutory waste collection and waste disposal authority for their area. In Merseyside these are Liverpool, Knowsley, Sefton, St Helens and Wirral Councils. In the case of Merseyside, Greater Manchester and London that statutory waste disposal function was not passed down to the constituent District Councils. Instead, the waste disposal functions in Merseyside, Greater Manchester and four areas across London were vested in separate Waste Disposal Authorities created by statute. The Authority is one of these separate statutory Waste Disposal Authorities.

The Authority is made up of 9 Councillors (the "Members") appointed to the Authority by each of the constituent District Councils in Merseyside. These Members sit as the Authority on a statutory basis and meet to take decisions on how to fulfil MWDA's waste disposal responsibilities.

The Authority has the statutory duties and powers to dispose of Merseyside's waste. The constituent District Councils have no such disposal powers, they are statutory waste collection authorities and have a statutory duty to deliver residual household waste to the Waste Disposal Authority for disposal.

As a local authority, local government law generally applies to the Authority and so it is subject to the same requirements and constraints as most other local authorities, with some exceptions. The Authority's functions are restricted to matters relating to waste disposal and it cannot assume powers and duties that go beyond this remit. The requirements to have statutory officers including a Chief Finance Officer (CFO), Clerk and Monitoring Officer are the same as for other local authorities.

The Authority receives funding in the form of a Levy which is paid by the constituent Councils which it provides services for. The Levy is a tax on Councils for the costs of disposal of waste and the Authority. The Levy Mechanism, by which the Levy is calculated and apportioned between Councils, is established by statute and is agreed by constituent Councils by consensus annually. A change cannot be made without unanimous consensus. The total cost of the Levy is product of the population and waste tonnage based costs, based on prior year actuals, with rebates for recycling undertaken by Councils outside of the Authority's contract. The total cost is then apportioned to each Council based on a combination of Council Tax Base and the tonnages delivered by each Council.

The Authority delivers it waste disposal services via two key contracts. A Resource Recovery Contact (RRC) and a Waste Management and Recycling Contract (WMRC). These are long term contracts with Merseyside Energy Recovery Ltd – MERL and Veolia ES Merseyside, respectively.

National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on Councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for Council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of income that were needed to service the increase in demand, for example fees and charges and the collection rates for Council tax, business rates and rents. The Authority derives its income, and therefore funding for its services from a levy charged to participating Councils.

© 2025 Grant Thornton UK LLP.

Financial sustainability

We considered how the audited body:	Commentary on arrangements	Assessment
ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;	The outturn position reported for 2023/24 did not indicate any weaknesses in financial planning, budget monitoring or budgetary control processes. The Authority has set a balanced budget for 2024/25 through the use of £2.35m from the General Fund reserves. £1m of General Fund reserves is also expected to be set aside to fund the initial costs of the procurement for 2024/25, leaving a balance of £4m. The Authority consider this to be a prudent level for the potential challenges the authority faces over the next two years. The Authority has a Medium-Term Financial Plan from 2024/25 onwards. The plan models future costs and income streams to identify the scale and timing of potential financial pressures. The Authority does not have significant levels of income from commercial activities, such as a large investment property portfolio. There are inadequate arrangements in place to monitor and report on the Authority's cash position through adequate review of the bank statement reconciliation process and cashflow management arrangements provided by St Helen's Council. This forms part of the significant weakness in financial sustainability carried forward from 2022/23 and the accompanying statutory recommendations (SR2 and SR3). This weaknesses undermines the Authority's arrangements to ensure financial sustainability. In addition, we carried forward an improvement recommendation (IR4) regarding the need to improve cashflow monitoring and reporting which remained open for the 2023/24 period covered in this report. We note that the Authority's ledger system is hosted by St Helens Council and there is a process of transitioning to a new system and chart of accounts, intended to resolve issues previously raised regarding the coding of MRWA accounts within the ledger. These issues were raised in 2021 and through issuance of a Statutory Recommendation on this point (SR3). We have carried forward a recommendation from 2022/23 to improve the level of information provided to members on budget variances and remedial actions. This remains open for the purposes of our 2023/24 review. Further to this point, we note that the transition to the new financial ledger system has interrupted the regular reporting of budget variances on a quarterly basis in 2024/25. We have been informed that the Authority is working closely with St Helens Council to resolve the coding issues. We will revisit this issue in our 2024/25 audit however, ahead of this we have raised a new significant weakness and Key Recommendation (KR3). Further details on this issue are presented on page 10 in the executive summary.	R

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Financial sustainability (Continued)

We considered how the audited body:	Commentary on arrangements	Assessment
plans to bridge its funding gaps and identifies achievable savings	The Authority considered options for savings for 2024/25 and the medium term. Due to the nature of the organisation, the main focus is on driving incremental process efficiency to secure sufficient savings to enable the authority to manage within projected levels of levy income over the medium term. As a result it is reasonable that there is no large-scale authority-wide savings plan in place at this stage. It remains important that forecasting is accurate and that opportunities to improve value for money and manage financial pressures and risks are effectively managed . In the prior year, we raised an improvement recommendation (IR1) asking the Authority to review the budget and Medium-Term Financial Plan (MTFP) setting process to ensure it remains effective, including considering items such as: • exploring ways to improve the accuracy of assumptions in tonnage forecasts; • using trend analysis in relation to tonnage data consistently; and • continually reviewing the risks identified in the budget to ensure they are complete, disclosing mitigations and detailing the reserves set aside for response. The Authority has provided an update on the progress against implementing this recommendation and noted that in the next iteration of the MTFP there will be a reflection of statutory and service changes that will arise over the coming years that will be more extensive than the present template. As this was not implemented during the financial year 2023/24, we consider this recommendation to be outstanding for the purposes of this review and will monitor the Authority's progress in our next VfM report.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Financial sustainability (Continued)

We considered how the audited body:	Commentary on arrangements	Assessment
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	'The Authority can demonstrate that there is a link between assumptions in the corporate objectives and the 2024/25 budget and medium-term financial plan. The Corporate Plan is updated annually and approved by Members via the Authority and Committee meetings. The Corporate Plan for 2024/25 contains the overarching vision to reduce the impact of the Authority's actions on action plan and improve the sustainable management of waste under four key objectives. Each has the actions the Authority will take in order to achieve these. We note that the actions are not SMART and therefore are quite high level, meaning that the Authority has flexibility in their approach to meeting them. The service delivery plan noted below translates these into more specific actions and is set on a one year basis as such does go someway to improve the specific and time bound measurements of the SMART. The Annual Service Plan is developed with the aim to translate the Authority's Corporate Plan into deliverable step changes through the effective management of the Authority's available resources. It includes specific projects which will be undertaken throughout the year to achieve the overall corporate objectives. Therefore, we would expect the budget to be designed to ensure these projects can be fulfilled, therefore ultimately achieving the Authority goals. The Authority demonstrates that it understands the cost of delivering its services and uses this information to determine how to improve cost effectiveness and understand higher costs of delivery. The budget is relatively straightforward and focuses on key lines of expenditure. 92% of the 2024/25 budget is focused on two key controls for residual waste disposal and processes and recycling, landfill and recycling credits. There is also expenditure on behavioural change, which is an educational programme to enable the Authority to work with partners across the City Region to encourage people to ensure waste is moved higher up the waste hierarchy.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Financial sustainability (Continued)

We considered how the audited body:	Commentary on arrangements	Assessment
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Authority can demonstrate that financial planning assumptions in the in-year plan and the medium term are consistent with other key strategies. The workforce for the Authority is low at around 30 staff. Staff costs are only 2.5% of the Authority's costs in the 2024/25 budget. As such, the cost of developing and implementing a formal workforce plan would not be justified. Activity is mostly carried out by contractors via their own staff. The Treasury Management report sets out how capital plans are aligned to corporate objectives. The Authority is also committed to contributing to the Liverpool City region zero waste strategy 2024 and action plan. We have identified a significant weakness in the Authority's financial reporting processes. In November 2021, we raised statutory recommendations relating to the lack of financial statements produced by the authority from 2018/19 onwards (SR1-4). Financial statements from 2018-19 to 2021-22 have been subject to an audit disclaimer of opinion. Work on 2022/23 and 2023/24 was suspended to enable completion of the earlier years. Members approved four sets of accounts (2018-19 to 2021-22) in the December 2024 Audit Committee. The Authority published the draft accounts for 2022/23 and 2023/24 in May 2025. As this was beyond the statutory date for approval and publication of the accounts of 28 February 2025, no substantive audit procedures were performed on these accounts and disclaimers of the audit opinions were issued on 7 August 2025 in line with backstop legislation. In addition, the two key recommendations have been carried forward from 2022/23 regarding the lack of finance team capacity which has contributed to the difficulty in completing financial reporting requirements (KR1) and the lack of pace in resolving the Statutory Recommendations (KR2) which we have discussed in more detail in the executive summary. For the purposes of our 2023/24 assessment these also remain open. The weakness identified in 2021 remains outstanding as the Authority's financial reporting arrangements are still not where they need to be in order to ensure value for money. Due to the reasons highlighted above, we consider the statutory recommendation and associated significant weakness to remain outstanding (SR1). Now that the Authority is up to date in terms of production of annual financial statements, it is important that management ensure that the 2024/25 draft accounts are published in line with statutory timetables and that there is capacity within the finance team to support the delivery of the audit in advance of the next backstop date of 27 February 2026.	R

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Financial sustainability (Continued)

We considered how the audited body:	Commentary on arrangements	Assessment
identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	The Authority has established arrangements to identify financial risks and demonstrate mitigation actions. The Levy Proposal paper, presented to Members in January 2024, outlines key risks and provides clear evidence of ongoing monitoring of cost implications. The 2024/25 budget highlights significant risks, particularly the challenges of managing uncertainty and price volatility in waste recycling. However, there is no evidence of specific scenario planning or sensitivity analysis. The Authority has shared its management accounts, which are reviewed quarterly alongside performance monitoring reports. We raise an improvement recommendation for the Authority to include, in the management accounts reported to senior management, explanations for variance from budget and mitigating actions being taken to resolve variances. This will enhance the presentation and value of the monitoring reports and improve oversight and scrutiny. In 2022/23 we raised an improvement recommendation relating to the need to strengthen the way that reserves were planned and managed over the medium term (IR2). For the purposes of 2023/24 this issue remained open.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Governance

We considered how the Audited Body:	Commentary on arrangements	Assessment
monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	**Risk Management** The Authority's Risk Management approach has historically lacked formalisation, though a Risk Management matrix has been used consistently. A formal Risk Management Strategy and Policy Statement were introduced in 2018/19 but have not been updated since, despite expectations for review every 3-5 years. There is limited evidence of member oversight on risk, with no formal meetings or discussions at the committee level, unlike other similar authorities. The Risk Register is simplistic and does not fully meet best practice, lacking elements like RAG ratings, links to corporate objectives, and named accountability. The Authority Committee does not explicitly oversee risk management, and Members have not reviewed the Risk Register in the past three years. Our recommendation from 2022/23 (IR5) carries forward in 2023/24. This includes the need for an annual review by Members, a wholesale review of risks to ensure relevance and completeness, and enhancements to the Risk Register, such as RAG ratings, mapping to objectives, target scores, and pre/post-mitigation scoring. The Authority is considering these improvements in its upcoming review and it is important that progress is made in this area. **Internal Audit** The Authority's Internal Audit function is provided by St Helens Council under an annual Service Level Agreement and has embedded over a period of years. The Internal Audit Plan, approved early in the financial year, prioritises high- and medium-risk areas but lacks detail on audit days and timelines, resulting in low completion rates and limited assurance across operations. Despite this, performance has been positive, with most reviews yielding favourable assurances and timely responses to recommendations, as reflected in the Head of Internal Audit Opinion. An external assessment, required every five years under PSIAS, was completed in November 2023, with results presented to the St Helens Council Audit Committee in December 2023, showing 18 of 19 areas conforming and four recommendations, three of which have been implemented. Annual self-assessments identified minor improvements, contributing to the positive 2023 external review. Updates on audit performance and governance are expected at the Authority's meeting in February 2024, as outlined in the Quality Assurance Improvement Plan (QAIP). Internal audit has identified areas for improvement, but overall, the Head of Internal Audit's opinion remains positive for 2023/24. We note that steps have been taken to strengthen arrangements in 2023/24 following our recommendation in 2022/23 (IR6). There is liaison with St Helens Council regularly through the year and on an annual basis to consider the level and availability of appropriate audit resources each year. All reviews are presented to Members, they go to the whole Authority. There is an annual follow up of audit recommendations by Internal Audit which is reported to the Authority. The Chief Executive also intends implemented a quarterly review of audit recommendations from 2024/25, to ensure that they are implemented in full where appropriate. This will be followed-up in our 2024/25 VfM review.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Governance (Continued)

We considered how the Audited Body:	Commentary on arrangements	Assessment
approaches and carries out its annual budget setting process	The budget setting process is a collaborative effort between the Authority, District Council Treasurers, and Council Leaders, starting with a review of the previous year's budget and updating it based on known changes. This iterative process allows for the development of a full budget and initial Levy proposal, which is adjusted to support the districts while meeting the Authority's statutory duties. Members review and approve the final budget each February. Scenario planning, including optimistic, pessimistic, and neutral cases, is used to assess potential risks and inform the Levy strategy, helping the Authority and districts plan for future years. While beneficial trend analysis was included in the 2021/22 budget, particularly around waste tonnage and the impact of Covid-19, it has not been replicated since, though it would improve budget accuracy. The Authority also faces potential impacts from the Environment Act 2021, which mandates changes to waste collection, particularly food waste, with a deadline of March 2026. However, there is no current budget provision for these changes, and further discussions are needed to assess the medium-term impact on the budget and Levy increases. The budget-setting process for 2023/24 and 2024/25 reflects continuity in the Authority's established approach, ensuring collaboration with Partner Councils and alignment with statutory duties. While the process includes trend analysis, scenario planning, and sensitivity analysis, opportunities for improvement remain in areas such as tonnage data transparency and formal scenario planning. Despite informal scrutiny and member engagement, limited documentation of discussions and presentations highlights the need for enhanced oversight to strengthen budget robustness. The absence of public consultation, though justifiable, suggests that alternative mechanisms for external challenge could further refine the process. Scenario planning is done informally, with the Authority considering levy increases of up to 10-12%. The most likely scenario is presented to members. Overall, the Authority's budget-setting framework is comprehensive and consistent and trend analysis, scenario planning, and member scrutiny will improve accuracy, transparency, and long-term financial resilience. This element forms part of the improvement recommendation on budget setting carried forward from 2022/23 previously discussed under Financial Sustainability. The financial position of the Authority has remained positive throughout the period, the Authority are prudent within their budgets as evidenced by a better than anticipated performance in 2023/24. Each year, the Authority assesses financial risks during the budget and MTFP process, presenting them to members with a Red-Amber-Green rating. However, the risk presentation is simplistic, and best practice would involve quantifying these risks, identifying mitigating actions, and detailing reserves set aside for potential issues. The core risks identified include unexpected tonnage increases, cost rises, and changes in the recycling market, with fewer risks than seen in other waste authorities. The Authority also considers operational risks but has given limited attention to income risks until 2023/24. Additional potential risks, such as local government financial pressures, climate change, and new legislation under the Environment Act 2021 (impacting waste collection and treatment), should be further explored to ensure comprehensive mitigation of financial risks. While the process is adequate in proportion to the limited scale and complexity of the organisation the process would benefit from some improvement, and we have carried forward a recommendation from 2022/23 on this matter (IR1 previously discussed in the Financial Sustainability section).	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

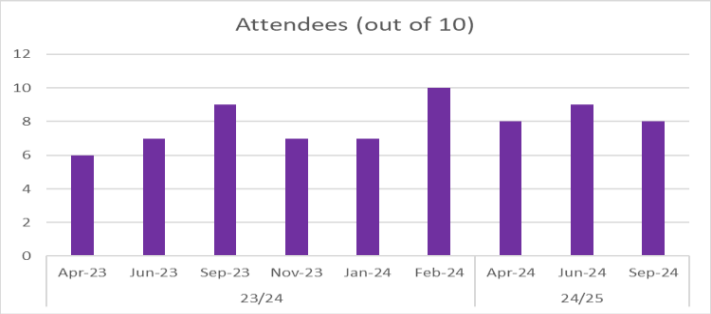
© 2025 Grant Thornton UK LLP.

Governance (Continued)

We considered how the Audited Body:	Commentary on arrangements	Assessment
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	**Budget Monitoring** The Authority provides budget monitoring to members twice a year: a revised budget with updated forecasts in February and a final outturn performance report in June. This bi-annual reporting schedule, with a three-month time lag, is considered appropriate for the committee's efficiency and effectiveness. Similar waste authorities follow this approach, and the frequency of reporting aligns with the Authority's low financial risk, as evidenced by its consistent performance ahead of budget and contributions to reserves over the past three years. While the Management Team reviews financial performance quarterly and can report significant variances, additional monitoring is not done unless financial risk increases. The reporting format effectively highlights variances and their causes, but it could be improved by including corrective actions for overspends to enhance accountability. We have carried forward a recommendation (IR3) from 2022/23 on this point. As noted previously under the Financial Sustainability theme, we have noted a deterioration of budget monitoring post year end in 2024/25 and raised a significant weakness and Key Recommendation under Governance on this issue for 2024/25. However, this does not impact on our 2023/24 VfM assessment (see page 10 for further details). **Governance over treasury and cash management** Treasury and cash management services for the Authority are provided by St Helens Council under a Service Level Agreement (SLA), with the Council managing the Authority's bank account and cash flows. The Council provides annual details of cash holdings and monitors the cash and loan position more frequently than is reported to the Authority, which has maintained a positive cash position in recent years. However, the cash reconciliation report does not include a cashflow forecast, and the Authority may consider updating the SLA to formalize this for better financial assurance. The Treasury Management Strategy, set annually, includes prudential indicator targets for managing treasury activities, with St Helens Council providing quarterly loan balance updates. The Authority's treasury activities are relatively simple, with most borrowings from the low-interest Public Works Loan Board, and the frequency of reporting is deemed sufficient given the stable, low-risk nature of the Authority's holdings. There have been no significant issues however, as previously noted under Financial Sustainability we have carried forward a recommendation from 2022/23 to consider improving cashflow forecasting and monitoring arrangements. The Authority has demonstrated effective financial management through its budgeting process, consistently achieving positive financial outturns and contributing to reserves. While the current system prioritizes efficiency and limits member oversight, there is potential for improvement by increasing transparency and providing more regular budget monitoring updates to the committee. Despite challenges in meeting statutory deadlines and the continued delays in auditing previous years' accounts, the Authority has taken proactive steps to address capacity and capability issues within the finance team. External support, such as temporary assistance from KPMG, has helped clear the backlog of accounts, but a permanent solution for long-term capacity remains essential. The Authority must prioritize securing adequate finance team support and implementing necessary system upgrades to ensure the timely preparation of accounts and compliance with statutory requirements. These actions are crucial to reinforcing the Authority's financial resilience and improving the reliability of its financial reporting in the future. **Statutory Financial Reporting** As noted in our executive summary, the Authority is subject to a significant weakness and outstanding statutory and Key recommendations relating to the production of financial statements (SR1 and KR1). These have been considered under the theme of Financial Sustainability above.	A

© 2025 Grant Thornton UK LLP.

Governance (Continued)

We considered how the Audited Body:	Commentary on arrangements	Assessment
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	**Member Engagement** The Authority comprises nine Members appointed by constituent District Councils in Merseyside, with Liverpool (3), Sefton (2), Wirral (2), Knowsley (1), and St Helens (1), while Halton holds observer status. Members meet five times annually to discuss strategic matters, but average attendance is 79%, with notable non-attendance from Sefton, Liverpool, St Helens, and Knowsley Councillors, potentially limiting representation, particularly on financial matters. Despite all meetings being quorate, the Authority recognizes the need to improve engagement and decision-making. Actions taken include amending the Constitution to require member attendance, introducing training, and offering one-to-one sessions with senior management. New initiatives, such as 'Away Day' sessions started in September 2023 and January 2024, aim to foster collaboration and build expertise in waste and finance issues. Although the Authority encourages member questions during meetings, recorded minutes provide limited evidence of challenge or discussion. The Authority has live-streamed meetings since 2020, improving transparency. While the inclusion of Portfolio Holders for Waste in member representation on the Authority Committee have not been adopted by the councils, the Chief Executive continues to engage district leaders to address this. Future improvements will be monitored in 2024/25.  The review of Merseyside Recycling and Waste Authority's governance and procedures for 2023/24 found effective use of the "Forward Plan" for transparency in decision-making, with no unreported Key Decisions exceeding established thresholds. The streamlined committee structure, covering all key areas including finance and risk, supports consistent oversight, although there is room for enhanced risk management practices. Member engagement has improved and been supported through training and strategy sessions and it is important that a high level of engagement is maintained.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Governance (Continued)

We considered how the Audited Body:	Commentary on arrangements	Assessment
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.	The Authority operates under a Code of Corporate Governance based on the CIPFA/SOLACE framework and the Nolan Principles, ensuring good governance. A Primary Assurance Group (PAG), consisting of Statutory Officers and the Chief Executive, conducts annual reviews of governance effectiveness, resulting in improvement plans with around 18 points annually, of which 13-14 are completed on time, while ongoing actions like the Zero Waste Strategy and Strategic Reviews miss targets and could benefit from refined milestones. The Constitution was last fully updated in 2015 although we note it undergoes minor annual updates and is deemed fit for purpose. However, the Constitution has been in place for some time and would benefit from full review, alongside outdated policies like the Whistleblowing Policy (2012) and Complaints Procedure (2018). The Constitution was breached once during the Chief Executive's appointment, rectified by extending the remit of an existing committee. Compliance with laws and regulations is overseen by a statutory Monitoring Officer, with no issues identified during the review period. Risks related to legal claims are mitigated appropriately. The Whistleblowing Policy is available per the website. It is dated 2016 and therefore the Authority should ensure that the policy is reviewed (if this is the latest version) or the updated version be accessible to all staff and members in order that relevant protocol can be followed. The Whistleblowing Policy is available per the website. It is dated 2016 and, therefore, the Authority should ensure that the policy is reviewed (if this is the latest version) or the updated version be accessible to all staff and members in order that relevant protocol can be followed. In the prior year 2022/23, an improvement recommendation was raised (IR8) around the need to review and updates its Constitution and other key policies (including whistleblowing and complaints policies) and this remains open for 2023/24 pending the necessary review work taking place. The Authority actively encourages feedback through its online portal but lacks regular reporting of complaints to Members, limiting its utility for organizational improvement. In the prior year 2022/23, an improvement recommendation was also made in regard to the monitoring of complaints (IR9) that should take place at least annually to provide members with an early indication of trends or increases in numbers of complaints, currently the procedures to encourage and receive feedback are in place but no monitoring of the outputs at the top of the organisation. This recommendation remains open for 2023/24.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Governance (Continued)

We considered how the Audited Body:	Commentary on arrangements	Assessment
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services (continued).	St Helens Council provides several support services to the Authority, including ledger, debtors, creditors, payroll, treasury services, and Internal Audit. On 21 August 2023, the Council experienced a ransomware attack, prompting immediate action by the IT department, a Security Incident Management contractor, and national cyber security agencies. By 25 August 2023, protective measures were completed, and the Council transitioned to a recovery phase after three weeks of investigation and containment. Although the incident was not publicly reported, the Council's Chief Executive provided regular updates to the Authority's Chief Executive, who then informed members. There was no data loss related to the Authority, and the only impact was a delayed Q2 Treasury Management Report due to resource limitations and system unavailability. The Merseyside Recycling and Waste Authority (MRWA) maintains a good governance framework, with annual reviews of its Code of Corporate Governance, aligned with the CIPFA/SOLACE framework. For 2023/24, the improvement plan was largely completed, with 17 of 20 actions finished by June 2024. In the prior year, an improvement recommendation (IR7) was raised Code of Governance Review could be improved. This included considering more granular milestones for those actions which are ongoing each year or longer term in nature so that progress can be tracked more effectively e.g. climate change related actions. We note that in 2023/24, the action plan gives a named officer to allocate actions to aid accountability. However, we believe reviewing the action plan to ensure that the target date is appropriate and realistic and more granular is still to be implemented and we are, therefore, carrying forward this improvement recommendation into 2023/24. The Authority follows its Constitution and relevant codes of conduct, ensuring transparency and accountability, particularly around procurement and contract management. The MRWA proactively addresses governance challenges, including the appointment of the new Chief Executive, and continuously works to refine its processes, including addressing cyber threats and procurement practices. Despite some areas for further refinement, such as the complaints procedure, overall governance arrangements are adequate.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Improving economy, efficiency and effectiveness

We considered how the audited body:	Commentary on arrangements	Assessment
uses financial and performance information to assess performance to identify areas for improvement	The Authority's Corporate Plan outlines its priorities and objectives, supported by a Performance Management Framework that aligns strategic goals with departmental actions and individual staff development plans. Reviewed and approved annually, the Corporate Plan has seen limited changes over the past three years due to a stable internal and external environment. Its overarching vision is to reduce the Authority's climate change impact and improve sustainable waste management through four objectives: enhancing sustainable waste management; delivering effective waste services; fostering cooperation; and measuring climate and sustainability progress. The Service Delivery Plan, aligned annually with the Corporate Plan, translates strategic goals into departmental actions but often includes broad objectives lacking SMART criteria. For instance, the 2023/24 action to "deliver a programme of Education and Awareness" lacks details on timelines, responsibilities, and success metrics. Our previous recommendation on this matter remains in place for 2023/24. The Authority assesses its annual objectives through performance monitoring of the Service Delivery Plan, reporting to Members each June and conducting quarterly reviews by the Management Team. For 2023/24, a 95.25% completion rate of actions demonstrated strong performance, but past inconsistencies in aligning performance reporting with budgets and supporting data were noted, though they have improved since 2020/21. Examples include actions marked complete despite budget underspends or behind plan despite meeting objectives. Weekly operational performance data, such as recycling rates and waste tonnages, is reviewed internally and published as Key Performance Indicator (KPI) reports but lacks formal oversight by Members and key elements like targets, trends, or benchmarking. The Authority does not formally benchmark its performance but uses the Oflog system for comparative insights and liaises with other waste authorities to identify best practices. Enhanced KPI reporting with meaningful metrics and context could better support decision-making. The Authority has established processes for setting and monitoring its priorities and objectives through its Corporate Plan, Service Delivery Plan (SDP), and performance frameworks. However, there are notable issues, including a lack of alignment between the SDP and budgets in earlier years, as well as vague and non-SMART actions, making it difficult for members to hold officers accountable. While data collection and internal monitoring by the Data and Contracts Teams are robust, member oversight and external performance reporting lack sufficient detail, targets, and comparability to national benchmarks. Annual KPI reporting is insufficient in frequency and detail, limiting its effectiveness for timely decision-making. Our prior year improvement recommendation (IR10), including making SDP actions SMART, enhancing KPI reporting with benchmarking, and improving member oversight, remains in place for 2023/24.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Improving economy, efficiency and effectiveness (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
evaluates the services it provides to assess performance and identify areas for improvement	**Operational Performance Outcomes** The Authority's annual performance KPIs highlight that recycling rates in the Liverpool City Region remain below the national average and are not consistently improving despite Authority and Council actions. Waste rates per household have increased, but stable costs per household suggest an opportunity to focus on reducing unit costs. Residual waste processing for energy has increased since 2022/23, boosting income from energy generation. However, consistent underspending on the Behavioural Change Programme (BCP)—aimed at improving recycling rates and reducing waste through resident education—has hindered progress toward the Authority's key Corporate Plan objectives, despite benefiting the financial position. This underscores the need for the Authority to commit to the budgeted BCP spend and explore broader initiatives with regional Councils to balance financial and operational performance effectively. The Authority has operated a Community Fund since 2015 to support its Corporate Plan and Behavioural Change Programme, with a £165k annual budget (including £15k from the voluntary sector). The fund enables Community and Voluntary Sector organizations to bid for investments in projects that target household waste reduction, engagement, volunteer hours, community events, and training. In 2022/23, the fund achieved a Return on Investment (ROI) of 1:4.6, meaning every £1 invested generated £4.60 in equivalent value. In 2023/24, £165,000 was allocated to 16 community projects, and from 2024/25, the fund will be rebranded as the 'Zero Waste Community Fund' to further promote sustainable practices. Our previous improvement recommendation on this matter (IR13) remains in place for 2023/24.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Improving economy, efficiency and effectiveness (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
evaluates the services it provides to assess performance and identify areas for improvement (continued).	**Capital Programme** The Authority's Capital Programme, which is approved, revised, and monitored alongside the revenue budget, is relatively small and focuses on extending the life or improving the utility of existing sites maintained by contractors or the Authority. We note that although over 100 schools in England face building closures due to reinforced autoclaved aerated concrete (RAAC) concerns, the Authority's estate has been reviewed and no such risks have been identified. The capital programme is reviewed twice a year by Members and monitored quarterly by Management. The programme typically overestimates what can be delivered, resulting in underperformance each year due to including prospective sums for projects before they are fully developed. This leads to ongoing slippage, as projects remain in the programme despite limited progress. The table below demonstrates the original, revised and performance against the capital programme each financial year. This demonstrates that each year the programme is overestimated at the original and revised budget in terms of what can realistically be delivered, resulting in underperformance each year. Discussions with officers has highlighted that this is due to the approach taken in building the programme which is to include prospective sums for projects before proposals are fully developed and approved. This has resulted in several projects remaining in the programme and being rolled forwards each year despite limited progress in completing them to allow ongoing discussions with partners and contractors which would cease should the project be removed from the programme. This is an overly optimistic approach to the programme and presents itself as ongoing slippage each year. Therefore, the Authority should undertake a full refresh and reprofiling exercise to ensure the programme is realistic. In our prior year work up to 2022/23 we made an improvement recommendation (IR14) to refresh and reprofile the programme for more realistic projections which we have carried forward into 2023/24.	A

Financial Year	Original Programme	Revised Programme	Outturn
2022/23	£0.607k	£0.132k	£0.103k
2023/24	£2.640k	£0.120k	£0.105k

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Improving economy, efficiency and effectiveness (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
evaluates the services it provides to assess performance and identify areas for improvement (continued).		A

Recycling Behavioural Change Programme

Merseyside faces challenges with declining recycling rates, particularly in Liverpool, despite ongoing community engagement efforts by the Authority through its Behavioural Change Programme and Community Fund. Tonnage diversion targets were missed in 2023/24, prompting calls for diversified recycling strategies and improved performance monitoring. Governance issues persist, with delayed financial reporting since 2018/19 and a need for stronger accountability in implementing statutory recommendations. While collaboration among regional partners shows progress under the Environment Act 2021, further efficiencies and joint working opportunities remain to be explored, particularly in waste management and income generation strategies.

	21/22	22/23	23/24
Merseyside Household Waste Recycling	36.50%	35.10%	35.00%
National Average - waste from households	44.10%	43.40%	Unavailable
Recycling Across 14 Household Waste Centres	70.30%	66.10%	66.20%
Waste Produced Per Household (kg)	672	586	642
Average Cost per Household £	117	117	116
Average Cost per Person £	54	55	54
Residual Waste Processed for Energy (tonnes)	390,610	297,375	334,104
Total Wattage Produced (MWH)	168,714	129,467	146,159

The table above summarises tonnage information at individual District Council level provided by the Data Team which allows further analysis to determine the potential causal factors of the Authority level performance. This demonstrates that:

- Recycling rates have declined across all districts apart from St Helens Council, as such a whole region approach to restorative actions and behavioral change aspirations is required.
- Given the positive trends at St Helens, there is potential to learn from the successes here and apply these to Councils in the rest of the region.

Our previous improvement recommendation to prioritise investment and resourcing of the behavioural change programme (IR12) remains in place for 2023/24.

© 2025 Grant Thornton UK LLP.

Improving economy, efficiency and effectiveness (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, to assess whether it is meeting its objectives	**Partnerships** The Authority's key operational partnerships include Merseyside Energy Recovery Limited (MERL) for the Resource Recovery Contract (RRC) and Veolia ES Merseyside for the Waste Management and Recycling Contract (WMRC), with a strategic partnership with Liverpool City Region (LCR) District Councils to address regional waste issues. The RRC contract features an income-sharing provision that benefits the Authority if capacity in the Energy from Waste (EfW) plant is freed up by reduced residual waste, allowing third-party waste disposal. However, large-scale income sharing has not been as fruitful as expected, and this area should be explored further. The Authority has been part of the Liverpool City Region Strategic Waste Management Partnership since January 2022, addressing issues like new legislation and climate change. A strategic review of waste management within LCR was commissioned in 2016 and updated in August 2023, identifying areas for greater collaboration and coordination. The review, while noting progress in some collaborative models, suggests continued joint working to address challenges under the Environment Act 2021, which introduces significant changes by 2026. The Authority is also part of the Joint Recycling and Waste Management Strategy (JRWMS) with other Merseyside District Councils, aiming to meet a 50% recycling target by 2020, although recycling rates remain below 50%. In our prior year report 2022/23 we recommended (IR17) that the Authority consider further opportunities for income sharing through its waste contracts. We consider that this should still be a consideration in the context of the procurement of commercial waste contracts and therefore have rolled this forward for 2023/24. **Climate Change** The UK Government has a target of achieving a 100% reduction in greenhouse gas emissions by 2050, and while no specific target has been set for Local Authorities, many, including the Authority, have declared climate emergencies and developed plans to contribute to this national goal. The Authority declared a climate emergency on 18th October 2019 and committed to developing a Zero Waste 2040 Strategy and an Action Plan for Resource and Waste Management. The Climate Change Action Plan, initially approved in January 2020 and updated in 2022, focuses on reducing carbon emissions, with progress including the completion of a carbon emissions baseline study and the development of tools to measure emissions annually. However, no dedicated budget for climate change activities has been observed, and underspends in the Capital Programme, such as for Electric Vehicle charging points, suggest misalignment between the budget and climate change goals. In February 2023, the Authority approved the Merseyside-wide Zero Waste 2040 Strategic Framework, which will guide the Authority's own strategy. A formal monitoring framework for climate actions is lacking, and the Authority may need to consider more frequent progress reports on the Climate Change Plan. Additionally, the Authority established a Carbon Working Group in January 2020 to support the development and monitoring of the climate strategy. The Merseyside Waste Disposal Authority (MWDA) demonstrates a strong partnership with the district councils through its role in the Joint Recycling and Waste Management Strategy (JRWMS) and the Liverpool City Region Strategic Waste Management Partnership. Both partnerships focus on distinct goals—JRWMS on recycling targets and the newer partnership on developing a zero-waste strategy—highlighting the Authority's commitment to effective waste management. Financially, the Authority has consistently achieved breakeven without significant use of reserves, indicating sound fiscal management and alignment with council objectives. Governance improvements are ongoing, with a focus on formalizing communication channels and reviewing strategic arrangements. We have carried forward our recommendation IR16 from 2022/23 into 2023/24 and we will review evidence of climate change initiatives embedding across the partnership in 2024/25.	A

© 2025 Grant Thornton UK LLP.

Improving economy, efficiency and effectiveness (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
commissions or procures services, assessing whether it is realising the expected benefits	**Procurement** The Authority has two main contracts for waste disposal and recycling in Merseyside, both of which have been in place for several years, with limited procurement activity. Internal Audit reviewed contract management in 2023/24 and gave a reasonable assurance rating. Although procurement activity is minimal, the Authority has developed policies, such as the Tender Opening Procedure and Contract Procedure Rules and updated them in June 2022 to comply with the Public Contracts Regulations 2015. However, a November 2022 Internal Audit review of procurement highlighted non-compliance and inconsistent application of the rules. In response, the Authority implemented the MyTender system and commissioned an external consultancy to improve the procurement system. The Waste Management and Recycling Contract with Veolia ends in 2029, prompting the Authority to begin procurement planning, including initiating discussions with Councils and formally reporting to Members in 2023. Given the scale of the upcoming procurement, the Authority has decided to create a Procurement Director post to ensure the necessary skills and capacity, with delivery options to be presented to Members in 2024. The Merseyside Recycling and Waste Authority (MRWA) is focused on strengthening its core operations, particularly in contract management and procurement processes. The Authority continues to work on enhancing its procurement practices, including updating the Contract Procedure Rules and addressing recommendations from internal audits. For the 2023/24 financial year, capital expenditure amounted to £105k, with most spending allocated to IT purchases and minor upgrades to Household Waste Recovery Centres (HWRCs). The authority's capital programme remains modest, with no large-scale projects planned for the near future, particularly as the major WMRC contract nears its expiration in 2029. Preparations for the next procurement cycle are already underway, with external expertise being sought to ensure a smooth transition. In the prior year, we noted that following recommendations from two different reports, the Authority was considering options for an upcoming major procurement. We recommended that a detailed action plan to respond to the findings is developed and monitored at least quarterly by Members and Officers to ensure improvements embed prior to the procurement taking place. We note that the Authority appointed an external consultancy to review all of its approaches to procurement and to update its documentation and governance, which has now concluded. The Authority has appointed a Procurement Director on a consultancy basis to develop a plan and lead the significant procurement and the Director's plan is providing a means of leading and monitoring the procurement process. A procurement project team is being recruited, with one of the team already in place and another in the process of being appointed. We note the progress made in this area but the 2022/23 recommendation (IR15) remains open for 2023/24 while the new processes embed and the new team is recruited and we will revisit progress in 2024/25.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

© 2025 Grant Thornton UK LLP.

Value for Money Recommendations raised in 2023/24

Recommendations raised in 2023/24

	Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
KR3	**The Authority must as a matter of priority, work with St Helens Council to resolve the coding issues that have arisen following the implementation of the new ledger system. This has impacted the Authority's ability to monitor and report budget variances effectively during 2024/25.**	Key	Governance	In 2023/24 the Authority's financial ledger system hosted by St Helens Council was in the process of transitioning to a new system. This was intended to include a new chart of accounts that was intended to resolve the issues raised in 2021 regarding the coding of MRWA accounts within the ledger. We noted that the transition to the new financial ledger system has interrupted the regular reporting of budget variances on a quarterly basis in 2024/25, which indicates a weakness in governance arrangements. This is indicative of a wider and potentially more significant issue with the configuration of that part of the new ledger system that deals with the Authority's transactions. We have been informed that the Authority is working closely with St Helens Council to resolve the coding issues. We will revisit this issue in our 2024/25 audit.	Effective budget monitoring by cost centre is a fundamental aspect of financial control. Although quarterly reporting was performed as expected in 2023/24 under the old ledger system, there have been issues with the coding of costs to budget for MRWA under the new system hosted by St Helens Council. Failure to be able to match actual costs to budgets in 2024/25 accurately is indicative of a significant weakness in arrangements, particularly if this undermines the opening position on which 2024/25 service budgets are based.	In progress. This is in progress and the Authority has raised its concerns to the appropriate Executive Director and director within St Helens. The Authority is now working closely with St Helens to provide a satisfactory set of deliverables to enable adequate financial management going forward.

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up on previous recommendations

Appendix C: Follow-up of previous recommendations (Financial Sustainability)

	Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR1	Budget Setting Process The Authority should review the budget and Medium-Term Financial Plan (MTFP) setting process to ensure it remains effective, including considering: • Extending the term of the MTFP to ensure the medium-term outlook is at least 3 years (not including the annual budget) • Exploring ways to improve the accuracy of assumptions in tonnage forecasts used in developing the annual budget. • Reigniting discussions internally, with Members and with the Liverpool City Region regarding the implications of the Environment Act 2021 so the impact can be incorporated into the MTFP • Continually reviewing the risks identified within the annual budget to ensure they are complete, best practice would be to quantify each risk, disclose mitigating actions and detail the reserves set aside to respond	Improvement	April 2024	The budget-setting process for 2023/24 and 2024/25 reflects continuity in the Authority's established approach, ensuring collaboration with Partner Councils and alignment with statutory duties. While the process includes trend analysis, scenario planning, and sensitivity analysis, opportunities for improvement remain in areas such as tonnage data transparency and formal scenario planning. Despite informal scrutiny and member engagement, limited documentation of discussions and presentations highlights the need for enhanced oversight to strengthen budget robustness. Scenario planning is done informally, with the Authority considering levy increases of up to 10-12%. The most likely scenario is presented to members. Each year, the Authority assesses financial risks during the budget and MTFP process, presenting them to members with a Red-Amber-Green rating. However, the risk presentation is simplistic, and best practice would involve quantifying these risks, identifying mitigating actions, and detailing reserves set aside for potential issues. **Management update - the budget for 25/26 will be reviewed following the production of the statutory accounts**	No	Recommendation has yet to be fully implemented.

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up of previous recommendations (Financial Sustainability)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR2	Reserves In order to increase the effectiveness of financial planning in relation to reserves the Authority should consider: • Planning in relation to reserves in the medium-term as opposed to on a one-year basis • Formally reassessing, clearly defining with supporting analysis and gaining approval for what is deemed to be an adequate minimum reserves balance • Prioritising building up and protecting reserves within future budgets to protect itself against potential future financial risks, in light of comparative information • Earmarking reserves, and distinguishing from general fund reserves, to ensure they can be used for a range of purposes	Improvement	April 2024	The approach to reserves in the MTFS and budget setting process for 2023/24 and 2024/25 reflects continuity in the Authority's established approach. We note an increased focus on preserving and building reserves in the 2024/25 budget although this has been somewhat undermined during 2024/25 due to the difficulties in budget monitoring following the transition to the new financial system by St Helens Council and the subsequent forecast overspend and the resulting additional draw on reserves. We consider that there is further work to do on this issue. **Management update - the Audit Committee will be updated in respect of usable reserves on 29 May.**	No	Recommendation has yet to be fully implemented.

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up of previous recommendations (Financial Sustainability)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR3	Budget Monitoring The Authority should include actions being taken to address budget variances within the monitoring reports, in addition to explaining the causes of each variance	Improvement	April 2024	The reporting format effectively highlights variances and their causes, but it could be improved by including corrective actions for overspends to enhance accountability. We note that the Authority's ledger system is hosted by St Helens Council and is in the process of transitioning to a new system and chart of accounts that is intended to resolve the issues raised regarding the coding of MRWA accounts within the ledger we raised in 2021 and issued a Statutory Recommendation on this point (SR3). We note that the transition to the new financial ledger system has interrupted the regular reporting of budget variances on a quarterly basis in 2024/25. **Management update - new budget monitoring procedures will be implemented in 2025/26 following the establishment of a new financial system (Unit 4)**	No	This remains outstanding and should be viewed in conjunction with the additional Improvement Recommendation raised on this matter IR18.
IR4	Cashflow Forecasting The Authority should liaise with St Helens Council as their Cash Management And Treasury Management service provider to ensure they receive cashflow forecasts in addition to confirmation of cash balances at year end. This may result in changes being required to the Service Level Agreement with the Council and so the Authority will need to assess whether any additional cost is outweighed by the benefit of using the cash forecast to aid decision making.	Improvement	April 2024	The has yet to be fully considered by the Authority. **Management update - discussions have commended with St Helen's with a view to improving cash forecasting and management.**	No	Costs and benefits to be discussed with St Helens Council.

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up of previous recommendations (Governance)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR5	The Authority should review their Risk Management processes to ensure robust arrangements are in place to identify, monitor and report risks to the organisation. Considerations should include: • Ensuring the Risk Register is reviewed annually by Members • Undertaking a wholesale review of the current Risk Register to ensure risks are complete, manageable in number and represent only the most significant to the achievement of the Authority's strategic objectives • Making iterative improvements to the format of the Risk Register to ensure Members have a full suite of information to help aid decision making.	Improvement	April 2024	We would expect a key policy such as the risk management policy to be formalised and reviewed every 3-5 years to ensure that it is understood throughout the organisation, is resilient to staff changes and remains relevant to operations and external factors. Since then, the CFO has provided us with Risk Management Strategy 2018/19 and the Risk Policy Statement. This formalises a clear step by step process for risk management, is easily understood and clearly defines roles and responsibilities. As it is dates 2018/19, we would expect this to be reviewed and updated between 21/22 and 2023/24. In 2022/23 the CEX PA was responsible for managing the document library for the Authority, this included the Risk Management Strategy In the prior year, we viewed an email dated January 2023 which confirms that the DOF reviewed the Strategy and confirmed he had no amendments to make and, therefore, the 18/19 strategy remained relevant and fit for purpose, acknowledging that the new CEX may want to review again soon. Formal review by the CEX and approval of updates by the Authority Members would still be expected within 3-5 years, and so in 23/24. From our conversations with management, this hasn't been updated in 2023/24. We have raised an improvement recommendation around this. **Management update - risk management register improved. Formal strategy review to be conducted ASAP**	No	The Authority is committed to undertaking a review of its approach to risk and risk management.

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up of previous recommendations (Governance)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR6	Internal Audit The Authority should liaise with St Helens Council, as their Internal Audit provider, to ensure an appropriate level of support is provided as well as the necessary assurances needed regarding its own processes and controls. This includes ensuring Internal Audit: • Allocate, confirm and track the number of days of resource dedicated to each audit and presenting this to Members so they can be held to account for under delivery. • Presenting all reviews to Members consistently. • Ensuring sufficient scope and completion of the Audit Plan. • Ensuring consistent monitoring of recommendations, particularly where high priority recommendations have been made.	Improvement	April 2024	There is liaison with St Helens Council regularly through the year and on an annual basis to consider the level and availability of appropriate audit resources each year. All reviews are presented to Members, they go to the whole Authority (as the Authority consists of 9 Members) and it is reasonable that they all see all reports and responses (in the medical absence of the Director of Finance there may have been a short period where this did not happen). There is an annual follow up of audit recommendations by Internal Audit which is reported to the Authority. The Chief Executive has also implemented a quarterly review of audit recommendations, to ensure that they are implemented in full where appropriate. In that respect, this recommendation can be closed.	Yes	No

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up of previous recommendations (Governance)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR7	Corporate Governance Improvement Plan The Authority should consider improvements in arrangements for responding to the Code of Governance Review Improvement Plan each year by: • Allocating actions in Plan to a named officer to facilitate better accountability for delivery • Ensuring that the target date for achievement of each action is appropriate and realistic • Including more granular milestones where actions span multiple years so that progress can be tracked more effectively	Improvement	April 2024	The actions in the plan are allocated to named individuals, target dates are discussed and agreed in advance of the plan being finalised. More granular milestones for longer term targets will be considered. **Management update - to be addressed as part of governance review work ASAP.**	No	More granular milestones where actions span multiple years so that progress can be tracked more effectively, need to be considered.

© 2025 Grant Thornton UK LLP.

Appendix C:
Follow-up of previous recommendations (Governance)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR8	Policies The Authority should ensure that its key policies are reviewed and updated every 3-5 years, or as a timely response to a change in laws and regulation. The latest versions should be distributed to all staff and Members, made readily available and easily accessible in their most up to date form.	Improvement	April 2024	Policies are all due for review within a 3–5-year period, this approach is agreed and enhanced monitoring arrangements are already in place to provide assurance that the review period are met. **Management update - To be discussed within SLT**	No	Constitution and supporting policies to be updated.
IR9	Complaints The Authority should provide Members with information to allow them to monitor complaints at least annually	Improvement	April 2024	Management say that if there were a reasonable number of complaints this recommendation may be appropriate, there are not sufficient to warrant regular reporting, an annual update for Members will be considered. **Management update - annual complaints update is already planned for June AGM**	No	Embedding of an annual update to members.

© 2025 Grant Thornton UK LLP.

Appendix C:
Follow-up of previous recommendations (Economy, Efficiency & Effectiveness)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR10	Non-Financial Performance To ensure that measuring and monitoring of non-financial performance, strategically through the Service Delivery Plan (SDP) or operationally via Key Performance Indicator (KPI) reporting, is effective the Authority should consider: • Ensuring that the actions included within the SDP are SMART (Specific, Measurable, Achievable, Relevant and Timebound) • Ensuring that the performance reporting within the SDP is cross checked against the budget, and other supporting information, for alignment, consistency and accuracy • Ensuring Members have at least annual oversight of KPIs for scrutiny and challenge • Updating the KPI reporting to develop a set of meaningful KPIs which reflects the nature of the organisation	Improvement	April 2024	The Authority was already pro-actively reviewing the performance management framework and will consider the recommendations as a part of that review. **Management update - partway through, more work to do but on track**	No	Embedding of revised performance management arrangements.

© 2025 Grant Thornton UK LLP.

Appendix C:
Follow-up of previous recommendations (Economy, Efficiency & Effectiveness)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR11	Recycling Rates To improve recycling rates towards national averages and achieve consistent increases year on year the Liverpool City Region, of which the Authority plays a role, should: • Diversify its approach to improving performance by identifying and implementing a broader range of different programmes. This can be achieved with the assistance of the Councils in the region, shifting reliance away from the current Behavioural Change Programme. • Focussing on actions which impact the unit cost of household waste as well as demand side factors. • Identify the causal factors and actions taken to achieve the improved performance in St Helens Council and work with other districts to replicate these	Improvement	April 2024	Management have continued to work with the partners in the Joint Waste Partnership to identify ways of improving recycling rates. Recycling rates will change with the introduction of the simpler recycling provisions as set out by Government. **Management update - this is an ongoing piece of work and likely to be for some time**	No	Demonstrate that actions taken by the Authority and the wider partnership have been effective in improving recycling rates in the context of new Government recycling provisions.

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up of previous recommendations (Economy, Efficiency & Effectiveness)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR12	Behavioural Change Programme To increase recycling rates across the region the Authority should prioritise investment in the Behavioural Change Programme and ensure that underspends observed in the budget are addressed as a priority. Ensuring sufficient staffing and capacity is available to fulfil the needs of the programme is vital.	Improvement	April 2024	We note that the programme is considered to be back on track in 2024/25. The principles of the recommendation are agreed, finding additional resources to support more projects will be key.	No	Demonstrate that actions taken by the Authority and the wider partnership have been effective in improving recycling rates in the context of new Government recycling provisions.
IR13	Community Fund The Authority should liaise with the Community and Voluntary sector to identify new or extend existing projects, like those which generated a high return on investment in 2021/22 from the Community Fund.	Improvement	April 2024	The Authority reviews the Community Fund each year and determines the priorities for the fund which are linked to target materials that contribute to more effective recycling rates. The Community Fund was set up support achievement objectives in the Corporate Plan and the Behavioral Change Programme. It encourages the Community and Voluntary Sector to bid for investment from the Fund for projects that focus on the four priority household waste materials and aim to reduce tonnages, foster direct engagement, increase volunteer hours, host community events and deliver training. Each year the investments have generated a positive return on investment, and this was highest in 2021/22 at a return of £10.05 for every £1 invested. We have not re-raised a recommendation as the Authority is making a positive return on investment and there is evidence of strong engagement between the community and voluntary sector.	Yes	No

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up of previous recommendations (Economy, Efficiency & Effectiveness)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR14	Capital The Authority should undertake a full refresh and reprofiling exercise to ensure the Capital Programme is realistic in its expectations	Improvement	April 2024	The way the capital programme is being put together is already subject to review, bringing broader authority objectives into consideration. It is likely that the approach will continue to develop and improve as a likely estates review linked to the proposed procurement of a new contract may give rise to a programme of investment as facilities are upgraded and changed to deal with the revised contract and the changes to the services that will be likely. **Management update - capital programme – The capital programme has been minimal in recent years. However, the MTFP will include a Capital Strategy identifying future capital expenditure and the associated implications to the Revenue Account.**	No	Demonstrate that the new process has embedded and has resulted in more accurate capital budget planning.
IR15	Procurement The Authority should develop a detailed action plan to respond to the findings of the Internal Audit and External Consultant's reports in relation to Procurement processes. This should be formally monitored at least quarterly by Members and Officers to ensure improvements embed prior to procurement activities taking place for replacement of the Veolia ES Merseyside contract. The plan should include specific actions against each recommendation, clear milestones and allocation to a responsible individual to ensure accountability can be upheld	Improvement	April 2024	We note that the Authority appointed an external consultancy to review all of its approaches to procurement and to update its documentation and governance, which has now concluded. The Authority has appointed a Procurement Director on a consultancy basis to develop a plan and lead the significant procurement and the Director's plan is providing a means of leading and monitoring the procurement process. A procurement project team is being recruited, with one of the team already in place and another in the process of being appointed. We note the progress made in this area but the recommendation remains open for 2023/24 while the new processes embed and the new team is recruited and we will revisit progress in 2024/25. **Management update - procurement programme well underway and procurement process documentation updated and staff trained.**	No	Demonstrate that the new arrangements have embedded and reflects the necessary improvements to the procurement process.

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up of previous recommendations (Economy, Efficiency & Effectiveness)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR16	Climate Change To ensure their response to climate remains effective, as climate change plans develop, the Authority should: • Review climate change plans alongside the revenue budget and Capital Programme to ensure they align in terms of their investment and profiling of expenditure. • The development of the Zero Waste Strategy presents an opportunity to develop an effective monitoring framework. In the meantime, the Authority may wish to consider monitoring progress of the current Climate Change Plan more frequently to inform the development of the Zero Waste Strategy and ensure the monitoring of actions is a business-as-usual task in advance of the Strategy being implemented • Review each of the existing climate and environment related policies whilst developing the Zero Waste Strategy and aim to consolidate and streamline these, avoiding duplication of actions and ensuring application of a consistent approach	Improvement	April 2024	We note that the development of the Zero Waste Strategy presents an opportunity to develop an effective monitoring framework. In the meantime, the Authority may wish to consider monitoring progress of the current Climate Change Plan more frequently to inform the development of the Zero Waste Strategy and ensure the monitoring of actions is a business-as-usual task in advance of the Strategy being implemented & Review each of the existing climate and environment related policies whilst developing the Zero Waste Strategy and aim to consolidate and streamline these, avoiding duplication of actions and ensuring application of a consistent approach. **Management update - ongoing and in hand. Strategy embedded within ZWS and reporting to be combined with annual report**	Partial	Demonstrate that climate change strategy has embedded and has resulted in more positive measurable delivery against relevant KPIs.

© 2025 Grant Thornton UK LLP.

Appendix C:
Follow-up of previous recommendations (Economy, Efficiency & Effectiveness)

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed in 2023/24	Further action?
IR17	Income Generation The Authority should work with the District Councils in the region, and Merseyside Energy Recovery Ltd as the Resource Recovery Centre (RRC) contractor, to explore ways in which income generation opportunities can be maximised from the income sharing arrangements in place. Large scale income sharing is most likely to be achieved from reduced waste delivered by the Authority freeing up space for third party commercial wastes in the Energy from Waste plant	Improvement	April 2024	The approach to simpler recycling is likely to change to dynamic between recycling and residual waste, such that opportunities for additional third-party income may increase, which may lead to an income share for the Authority, under the terms of the contract. However, with additional home building proposals across the City Region and the government's commitment to house building, it is likely that any additional capacity will be taken up by residual waste from new housing, making additional income on a large scale less likely. **Management update - to be addressed via FWS project programme which is underway and will run to 2029**	No	Consider future opportunities for income generation/ cost recovery arising from waste contract procurement.

© 2025 Grant Thornton UK LLP.

Appendix C: Follow-up on previous recommendations (mid-year report 2021/22)

Follow-up of previous recommendations

Members were presented with an Interim VFM Report by Grant Thornton in September 2022. The report was a focussed piece of work relating to the entire City Region, including the Authority. It focussed on assessing the effectiveness of arrangements for the Authority and Councils across the City Region working together in delivering the strategic waste agenda for the region. A number of the conclusions and recommendations are not solely for the Authority to consider but these have been followed up to assess effectiveness of the Authority role in the response.

	Recommendation	Responsibility	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	One of the objectives of the Authority is to be able to fulfil its statutory and fiduciary duties whilst not overburdening local authorities with increases in the Levy, the ability to make savings or generate additional income increase the possibility of the Authority achieving this objective each year.	Liverpool City Region collectively (including the Authority)	Improvement	September 2022	A follow up review was commissioned and completed, this resulted in an updated report which was released in August 2023. As set out in the 2016 strategic review, collaboration on the delivery of waste services can be achieved in several ways, examples provided demonstrate progressively deepening the levels of collaboration and coordination involved. The 2023 review has identified that of the 5 potential example models, progress has been made in relation to the 3 of these 1. informally by collaborating on particular tasks or skills 2. organisationally – using delegation of functions and 3. contractually through an inter-authority arrangement. The Environment Act 2021 introduces significant new challenges for waste management, due to be implemented by 2026. The changes imply a need to review existing waste strategies and the contracts that underpin the current arrangements. The review understands that much of this work is already in hand and we have observed early evidence of discussions, particularly around the treatment of food waste. We have noted that this dialogue will need to remain frequent and consistent to allow members to be well informed of the response and prompt a continued joined up effort. At this stage, the review follow up does not imply an inevitable move towards the final two models indicated – structural changes or a single Liverpool City Region Waste Management Authority. Therefore the updated review retains its previous recommendations and overall supports more joint working for greater efficiencies. At this point in time progress has been identified to date and the Authority have responded that they will continue to work alongside the Joint Waste Partnership	Partial	A watching brief will be kept and impact of Authority controlled actions reported upon in 2024/25.

© 2025 Grant Thornton UK LLP.

Follow-up of previous recommendations

	Recommendation	Responsibility	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
2	The MWDA, Merseyside Councils and Halton Council should continue to work together to review and conclude upon the optimal governance model to ensure transparency and collaboration and to drive economy, efficiency and effectiveness for waste management services.	Liverpool City Region collectively (including the Authority)	Improvement	September 2022	The Authority have responded that that the Joint Waste Partnership demonstrates a commitment to working together, but the response should come also from individual Councils.	Partially	A watching brief will be kept and impact of Authority controlled actions reported upon in 2024/25.
3	The Members on the Board of the MWDA include the portfolio holder for waste to ensure that a high quality discussion is enabled during strategic discussions. It could also be beneficial for these Members to have a formal requirement to report back to Members at their own council meetings on waste disposal matters – ensuring a feedback loop is enabled between councils and the MWDA.	Individual Districts within the Liverpool City Region	Improvement	September 2022	The Chief Executive in her new role has fostered greater engagement with Leaders and the Chief Executives of District Councils in the region, via this route this recommendation has been re-raised. Appetite currently seems limited to fulfil the recommendation by the individual Councils. To fulfil the need for greater engagement and quality discussion the Chief Executive of the Authority held an 'away day' session in September 2023. It was well attended by Leaders, Authority Members, Chief Executive and Executive/Portfolio Holders as required from of the Districts and focus on future ambitions of each district and the Authority and potential collaboration. Due to its success another session is expected in January 2024. We are satisfied actions have been taken and have kept a watching brief on impact this has had in 2023/24. It is noted that the actions the Authority themselves can control have been undertaken and the 'partial response' refers to the action now needed from the individual Districts. The Authority have confirmed that their actions have resulted in progress to date and this will continue.	Partially	A watching brief will be kept and impact of Authority controlled actions reported upon in 2024/25.

© 2025 Grant Thornton UK LLP.

Follow-up of previous recommendations

	Recommendation	Responsibility	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
4	Following consideration of the levy mechanism, the Council should work closely with all Merseyside Councils in order to collectively ratify any proposed amendments.	Liverpool City Region collectively (including the Authority)	Improvement	September 2022	The Levy Mechanism has remained consistent throughout the setting of the 20/21 to 23/24 budgets. It has been further clarified that the Authority themselves have no power to change the Levy mechanism, however there remains the opportunity for the region to collectively review this within the parameters allowable under the agreement terms. The Authority is working with Treasurers and Directors of Environment at Councils to establish proposals for a new levy mechanism	No	Recommendation remains relevant and should be continued to be addressed following the clarification noted.
5	Regular and formal briefings are provided to the Chief Executives Group and/or Members by the MWDA on waste disposal matters (including provision of key performance indicators in the form of a regularly tabled dashboard so that trends can be considered).	Individual Districts within the Liverpool City Region	Improvement	September 2022	Although this is not directed at MRWA the CEX has led on bringing all parties together to develop a joint approach to the wider waste system and to working together. The Chief Executive in her new role has fostered greater engagement with Leaders and the Chief Executives of District Councils in the region. This has resulted in the 'away day' noted at Recommendation 3. These discussions are currently informal in nature and therefore there is potential to formalise these communications to ensure they are regular, result in clear actions that can be followed up and assist in holding relevant officers to account for delivery of those actions. We are satisfied actions have been taken and have held a watching brief in 2023/24. It is noted that the actions the Authority themselves can control have been undertaken and the 'partial response' refers to the action now needed from the individual Districts.	Partially	A watching brief will be kept and impact of Authority controlled actions reported upon in 2024/25.

© 2025 Grant Thornton UK LLP.

Follow-up of previous recommendations

	Recommendation	Responsibility	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
6	MWDA should ensure that each Merseyside Council provides an annual performance report and letter of assurance to the September MWDA authority meeting as committed to through the Merseyside Waste Partnership Memorandum of Understanding (2014).	Individual Districts within the Liverpool City Region	Improvement	September 2022	The Authority is party to the Joint Recycling and Waste Management Strategy (JRMWS) with the other Merseyside district Councils, supported by a Memorandum of Understanding. Within this each partner is committed to produce and maintain an action plan which sets out interim targets (most notably recycling at 50% by 2020) that when considered collectively seek to achieve the shared JRWMS aims and objectives. The November 2020, 2021 and 2022 Authority Committee meetings have received an update on the Waste Development Fund. This report provides assurance by District Councils regarding the way they have spent the monies allocated to them from the Fund on actions that achieve the shared objectives of the JRWMS. Each Council has provided assurance that its expenditure from the Fund meets the shared objectives of the JRWMS. This reporting also includes data on recycling rates performance at district and Merseyside level. The data is available until 2021/22, with no 2023 reporting observed. No reporting in relation to the action plans agreed have been identified within the reports to Members and therefore reporting is limited to recycling rates compared to the 50% target. The Authority has confirmed that the reporting by Councils has concluded but in order to continue to respond they can seek further information.	Partially	Recommendation remains relevant and should be continued to be addressed by the districts within the region.

© 2025 Grant Thornton UK LLP.

Follow-up of previous recommendations

	Recommendation	Responsibility	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
7	The MWDA should provide a report on its own performance at each of the Merseyside Councils' scrutiny panels (or equivalent), as committed to through the Merseyside Waste Partnership Memorandum of Understanding (2014).	The Authority	Improvement	September 2022	No evidence noted from Council committee papers. The Authority has confirmed that they receive reports on performance annually, outside of Committee meetings to allow performance to be reviewed. The report is on the open agenda. At the same time for each of the Councils a Member of the Authority is nominated annually to report back to the Council on the activities of the Authority. The Chief Executive also offers to visit scrutiny panels at each Council to provide updates on performance and current issues.	Yes	No
8	Members are provided with the performance context alongside the cost of waste management, e.g. KPIs which include benchmarking with national average / targets in relation to recycling rates / cost of waste management.	The Authority	Improvement	September 2022	We have not noted any formal benchmarking within the KPIs published on the Authority website. We have been provided with tonnage data from the Data Team which provides useful inward looking information for each District and for the Authority as a whole. Within this there is little comparison with national averages, other waste authorities and other Councils. We do believe there is some scope for the Authority to review and consider how it can update its performance reporting to develop a set of meaningful KPIs which reflects the nature of the organisation. This could include benchmarking but we have updated our recommendation to provider greater scope to the Authority on how they can achieve this improved reporting, as benchmarking alone is not the only method by which this could be improved.	Superseded	No. Recommendation remains relevant but has been superseded by Recommendation 10.

© 2025 Grant Thornton UK LLP.

Follow-up of previous recommendations

	Recommendation	Responsibility	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
9	The Councils should consider its recycling rates in line with the national average and in the context of incoming national targets (65% by 2035). They should put in place plans for improving efficiency and effectiveness in this area, working with the MWDA.	Liverpool City Region collectively (including the Authority)	Improvement	September 2022	Recycling rates have reduced between 2020/21 and 2022/23 at all District Councils and for the region as whole, with the exception of St Helens Council (see Table 8 and 9 in 3E's section). Liverpool Council has shown the largest decline. Therefore actions taken are yet to have the desired impact. The Behavioural Change Programme has been underspent against budget (often revised downwards budget estimates) in each financial year. This should continue to be a priority within the budget of the Authority and the individual districts, along with identifying a broader range of programme which to encourage recycling activity. The Authority have confirmed they are working alongside constituent Councils in the Joint Partnership to seek to address the issues. This will be a key element of the procurement going forwards.	Superseded	No. Recommendation remains relevant but has been superseded by Recommendations IR11 and IR12 and IR13.
10	MWDA should work with its board members (including any required consultations with the respective Merseyside Councils) to take decisions as to the long term treatment of rising waste tonnages, which cannot be treated within existing contracts. This includes consideration of the course of action on the impending expiry of the waste management and recycling contract in 2029.	The Authority	Improvement	September 2022	Reporting relating to the expiry of the Veolia contract have been taken to Members in April and September 2023 to initiate discussions in preparing for the procurement exercise. The first steps have been to agree that the Chief Executive should identify and appoint a Procurement Director for an interim period to develop the initial procurement plans for the Authority, rather than the initial consideration of developing an in-house team. This is to ensure sufficient expertise and capacity for what is a major procurement. The Chief Executive has begun to explore the options available in the marketplace to potentially provide Procurement Director support for the Authority. The papers communicate the need for Members to be involved in the development of a procurement strategy. Therefore, the Authority are in the very early stages of this procurement process and are building the foundations before any options, including financial analysis, are considered. Members have been informed at each stage of the procurement process and the new Procurement Director is building effective Governance arrangements to ensure the delivery of the project.	Partially (in progress)	Recommendation remains relevant pending on-going progress on the new contract negotiation process.

© 2025 Grant Thornton UK LLP.

Follow-up of previous recommendations

	Recommendation	Responsibility	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
11	The levy could be updated to distinguish between collection of recyclate vs residual tonnage to incentivise recycling amongst the Merseyside Councils.	Liverpool City Region collectively (including the Authority)	Improvement	September 2022	The Levy Mechanism has remained consistent throughout the setting of the 20/21 to 23/24 budgets. It has been further clarified that the Authority themselves have no power to change the Levy mechanism, however there remains the opportunity for the region to collectively review this within the parameters allowable under the agreement terms. **The Authority is working with Treasurers and Environment Directors from the City Region to address the need to update the Levy, but it remains a decision for constituent Councils.**	No	Recommendation remains relevant and should be continued to be addressed following the clarification noted.
12	The levy could be updated to make the Merseyside Councils accountable for delivering waste at Band 3 levels to incentivise reduction in residual waste tonnages. If the 'levy' does not reflect the payment mechanism with the disposal contractor, there is a risk that a participant council will not be held to the agreements and forecasts that informed the payment mechanism with the contractor	Liverpool City Region collectively (including the Authority)	Improvement	September 2022	The Levy Mechanism has remained consistent throughout the setting of the 20/21 to 23/24 budgets. It has been further clarified that the Authority themselves have no power to change the Levy mechanism, however there remains the opportunity for the region to collectively review this within the parameters allowable under the agreement terms. The work set out at Recommendation 11 above will provide a modern solution that reflect the changes arising from simpler recycling in the run up to ETS.	No	Recommendation remains relevant and should be continued to be addressed following the clarification noted.

© 2025 Grant Thornton UK LLP.

Appendices

Appendix A: Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

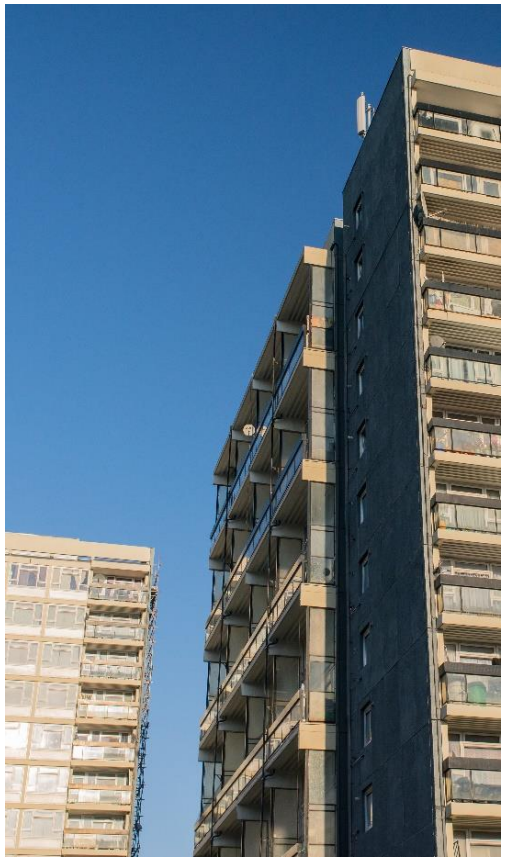
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



© 2025 Grant Thornton UK LLP.

Appendix B:
Value for Money Auditor responsibilities

Value for Money arrangements work

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The audited body's responsibilities are set out in Appendix A.

Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

Financial Sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Authority's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Authority's auditors as follows:

- **Statutory recommendations – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Authority and a public response.**
- **Key recommendations** – actions which should be taken by the Authority where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Authority's arrangements.

© 2025 Grant Thornton UK LLP.

© 2025 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Grant Thornton

grantthornton.co.uk