



ANNUAL REPORT

2018 / 2019



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CHAIRMAN'S WELCOME

ALDERMAN ROBERT GIBSON

As arc21's newly appointed Chair, I am delighted to present our annual review of the year to March 2019. Last year I also served as Deputy Chairman of the Joint Committee and was closely involved in the issues, challenges and achievements of that time.

The waste industry is ever changing and the political landscape continues to present issues for us at global, national and regional levels, but arc21 continued to be resilient and adapted to these changes and challenges throughout the year.

As I look back over the year there are a number of issues of note, including:

- *Continuing reduction in the amount of waste produced*
- *Increase in the recycling rate and the diversion from landfill*
- *Continued importance of education and awareness*
- *Changing landscape in Waste Policy and the challenges of the Circular Economy and Brexit to the waste sector*
- *Retirement of the Chief Executive, John Quinn, who successfully led arc21 since its formation in 2004*
- *Resilience of the organisation in dealing with significant staffing issues*
- *Strong support of Members, Council Officers and arc21 Officers*
- *Preparations for a new Joint Committee following the May 2019 Local Government elections.*

The high standard of internal engagement of Officers and Elected Members has been recognised and I would like to take this opportunity to thank all the Officers, both Council and arc21 Officers, for their tremendous commitment and support during the year, especially addressing some challenging contractual matters.

arc21 is firmly established in the Local Government family and has earned a reputation as being a model for collective working within this fraternity. However, there is no room for complacency and there are huge challenges ahead in our sector. Sustaining improvements in the future presents a more difficult challenge and we all have a full part to play.

I would like to pay tribute to our former Chief Executive, John Quinn, who retired during the year and express my gratitude for his leadership since the Joint Committee was formed back in 2004.

Interim arrangements were put in place with Ricky Burnett stepping up to take the Chief Executive's role following John's retirement and I would like to thank Ricky for his support to the Joint Committee during the year.

During the 2018/19 year the Joint Committee was chaired by Councillor Declan O'Loan and I would also like to thank him for his excellent leadership to the organisation.

Following the Local Government elections in May 2019 the membership of the Joint Committee has changed. I would like to take this opportunity to thank all the previous Members who served during 2018/19.

Finally, I am confident that the new Joint Committee will continue its good work and benefit from the freshness that new Members can bring to the organisation.



CHIEF EXECUTIVE'S FOREWORD

Ricky Burnett



This is my first and last commentary as Chief Executive. By the time you read it another person, Tim Walker, will be leading the organisation and I wish Tim every success. As in previous years, 2018/19 proved to be a year that provided a number of challenges and arc21 continued to develop a range of measures to help our Councils manage waste in a more effective, efficient and environmentally friendly manner.

The role of arc21 is to support our six Constituent Councils in the implementation of their Waste Management Strategy as set out in the statutory Waste Management Plan. I very much appreciate the support and contribution of both Members and Officers in helping us to deliver the range of services Councils need.

arc21's core function remains the maintenance and implementation of the Waste Management Plan in liaison with Councils including, critically, the procurement and contract management of waste treatment infrastructure and educating future generations to better protect the environment.

From an operational point of view, arc21 contracts again performed well during the year. The upward trend in tonnages delivered to our Mixed Dry Recyclates and Composting contracts continued as did the downward trend in waste delivered to the Landfill contract making a positive contribution towards the Household Recycling target of 50.1% achieved by our Councils for the year.

Progress to deliver the most complex infrastructure required by the Waste Management Plan to treat residual (black bin) waste was minimal during the year as we await an outcome on planning permission.

The value of providing a dedicated educational service to the Councils is clearly shown to be vital in reinforcing the 'Reduce, Reuse and Recycle' message. Education and promotional activities continue to be a very popular service with our Councils and played an important part in promoting our waste message.

There are a number of emerging issues globally and locally which will potentially impact on arc21's work. These include, amongst others, Brexit, climate change, energy policy and network resilience, plastics, global markets, the Circular Economy Package, and the possibility of new environmental compliance structures for the United Kingdom. During the year there were three key waste policy consultations published.

In terms of organisational resilience, the year proved to be a challenging one for our small team of dedicated staff and I must pay tribute to them for their ongoing commitment, hard work and support, particularly when facing such challenges.

Like the Chairman, I too would like to pay a special tribute to John Quinn who was a long-term driving force behind the strategy of partnership and collaboration between Councils to better manage municipal waste.

In summary, 2018/19 was a challenging and busy year and it is anticipated that 2019/20 will be even more so.

EXECUTIVE SUMMARY

2018/19 was another challenging but successful year for arc21 with notable achievements across the organisation over a range of areas.

CORPORATE STRATEGY

A new two-year Corporate Plan, setting out the organisation's Strategic Objectives for 2018/20 was developed and approved by the Joint Committee.

A Corporate Scorecard, which sets out a range of activities to help us deliver the Strategic Objectives, was also compiled to enable us to focus on the delivery of those objectives in a structured manner.

There are twelve Corporate Strategic Objectives set out in the Plan grouped into four core areas:

1. **Serving Community and Stakeholders**
2. **Improving Processes**
3. **Learning and Growth**
4. **Managing Resources**

The priorities within the Corporate Plan and Corporate Scorecard provide the framework within which the associated business objectives for each Strategic Objective were progressed in the 2018/19 year.

To manage and deliver these business objectives 41 specific improvement objectives were identified, each with a delivery plan to support the achievement of the Strategic Objectives.

A review of the year demonstrated that 39 of the 41 improvement objectives were met or exceeded, providing substantial progress towards delivering the Strategic Objectives.

GOVERNANCE & ORGANISATION

Highlights of the year included:

- High standards set in previous years were maintained
- arc21's sixth Corporate Plan and associated Corporate Scorecard, covering the 2018/20 period were developed and implemented in line with the Councils' Waste Management Plan
- ISO 9001 and Governance Excellence Accreditation standards were maintained
- arc21's Joint Committee and Audit Committee continued to meet monthly and quarterly
- Management of risk continued to be a priority activity
- Key Performance Indicators were monitored and reported on across four areas: customers, finance, process & contracts and people
- Compliance with new data protection legislation - General Data Protection Regulations (GDPR) - was achieved
- Organisational resilience was tested due to staff changes and long-term absence

FINANCE

Turnover for the year was £29.6m, an increase of £1.2m (4%) on the previous year.

The overall value of expenditure on waste treatment contracts awarded by arc21 since 2005 now stands at over £317m.

Cost savings in 2018/19 on Recycling and Composting contracts was in excess of £8m when compared to Landfill.

The accounts of the Joint Committee were certified by the Local Government Auditor without qualification.

WASTE MANAGEMENT POLICY

During the year a number of waste policy challenges emerged, including:

- Global markets for secondary materials
- Marine plastics and developing plastics strategies
- Brexit
- Climate change
- Circular Economy Package
- Possible new UK environmental compliance structure
- Ongoing absence of devolved Government in Northern Ireland
- Northern Ireland energy policy and network resilience
- Emerging consideration of an all Council-wide strategic review of waste management

Significant changes in waste policy were signalled by the Government at Westminster with major implications for Local Government right across the United Kingdom. The direction of travel in the sector points to a radical shake up of the way waste is generated, collected and disposed of as reflected in the range of consultations published during the year. With the climate change emergency, and the UK planning to leave the EU, significant changes in waste management policy impacting on arc21 Councils are expected. Ongoing specialist support to our partner Councils will be critical in this regard in the coming years.

Maintaining policy relevance against a background of significant change in waste policy will be demanding. arc21, in collaboration with constituent Councils, has a critical role in influencing and helping shape future waste management policy.

The ongoing, Council-led, Strategic Review of Waste Management across the whole of Northern Ireland creates its own uncertainty. It is anticipated that the Joint Committee will need to be alert to the need to adapt quickly to meet existing and emerging challenges.



OPERATIONS

Operationally, arc21 performed satisfactorily with the continuity of waste management treatment and supplies contracts in place to support Councils in the delivery of their objectives.

Tonnages delivered as part of our four main waste contracts remained steady year-on-year at circa 336,000 tonnes, with increases in tonnages being delivered to the Mixed Dry Recyclates (40,200 – up by 1,000 tonnes or 3.3%) and Composting (134,300 up by 4,600 or 3.5%) contracts. Lower tonnages were delivered to the Landfill contract (151,500 down by 6,400 or 4%) in line with the statutory requirement to divert waste from landfill.

The increase in recycling and composting tonnages was encouraging but the focus of the recycling market during the year was on the quality of materials. Emerging significant waste management policy changes will add more pressure on the levels of quality as well as bring major changes in the way that waste is generated, collected and treated. One of the most significant policy proposals to emerge during the year, Extended Producer Responsibility, has the potential to enable Councils to access funding, estimated at around £2m per annum, if the appropriate levels of quality materials are collected and presented to the market. However, this alone presents challenges for Councils collection regimes and improving the quality of materials will be more difficult in the coming years.

arc21 stands ready to provide the specialist support required by Councils to meet these challenges as they unfold and the markets change.

There was a largely holding formation approach adopted regarding the development of facilities to treat residual (black bin) waste due to the continued absence of the Northern Ireland Executive and a successful legal challenge against the granting of planning permission by the Department for Infrastructure.

EDUCATION AND AWARENESS

The educational vehicle service proved, once again, to be extremely popular and was extensively used across the arc21 region in support of Councils' waste promotional activities, visiting 188 different locations during the year.

The service is an effective part of Councils' overall communications strategies to promote better waste management, reduce waste, improve recycling and landfill diversion. The service is particularly focused on school projects to help better inform the next generation responsible for safeguarding the environment.

OTHER ACHIEVEMENTS DURING THE YEAR INCLUDED

- Household waste recycling for the arc21 region increased to 50.1%, from 48.4%, continuing the steady increase since 2000 when the figure was just 7.5%
- Average amount of waste produced by households continued to fall
- Northern Ireland Landfill Allowance Scheme (NILAS) targets for 2018/19 were reported and met. The arc21 region landfilled 72% of the allowance, an improvement on 78% for the previous year
- Business Continuity Plan was subjected to an annual test exercise and some minor amendments were made
- Responses were submitted to six consultations
- arc21, in conjunction with the Chartered Institution of Wastes Management (NI), the Department of Agriculture, Environment and Rural Affairs, Northern Ireland Packaging Compliance Scheme (NIPAK), Packaging Europe (INCPEN) and the Resource Association, held an important conference in Belfast Metropolitan College (Titanic Campus) focusing on proposed major changes in Government waste policy

CORPORATE OVERVIEW

HISTORY & CONSTITUTION

Following the formal decision by the new six Councils to reconstitute arc21 in April 2015, engagement took place with the then Department of the Environment to ensure that the operations continued uninterrupted and the Department then provided the necessary vires through the issuance of the Local Government (Constituting a Joint Committee a Body Corporate) Order (Northern Ireland) 2015.

TERMS OF AGREEMENT

The Terms of Agreement, approved by constituent Councils, set out five important Principles which underpin the relationships between all the parties, Councils and arc21.

These five principles are:

1. Principle of Consensus
2. Principle of Limit of Delegation
3. Principle of Functional Responsibilities
4. Principle of Equitable Shared Funding
5. Principle of Equal Committee Representation

THE CONSTITUENT COUNCILS OF ARC21

Antrim and Newtownabbey Borough Council

Ards and North Down Borough Council

Belfast City Council

Lisburn & Castlereagh City Council

Mid & East Antrim Borough Council

Newry, Mourne and Down District Council



ADMINISTRATIVE AREA

The population of Northern Ireland is 1.9m with around 1.1m in the arc21 administrative area, the equivalent of 59% of the overall population.

The municipal waste arisings in the arc21 constituent Councils area was c.581,000 tonnes in 2018-2019 which accounts for about 60% of the waste managed by all of Northern Ireland's Councils. The collective household recycling rate for the arc21 administrative area continued to improve during the year rising to 50.1% compared to 48.4% in the previous year.

KEY PRODUCTS AND SERVICES PROVIDED BY ARC21 TO PARTNER COUNCILS

- Maintain Waste Management Plan in liaison with Councils
- Deliver relevant parts thereof including infrastructure, goods and services
- Procuring waste infrastructure contracts to meet the needs of Councils
- Contract Management, ensuring Compliance and Quality Control
- Manage pass-through contract fees and payments/retentions
- Strategic Policy Development
- External engagement and interaction with Politicians and senior Government Officials
- Knowledge Sharing
- Corporate Planning and Risk Management

GOVERNANCE FRAMEWORK

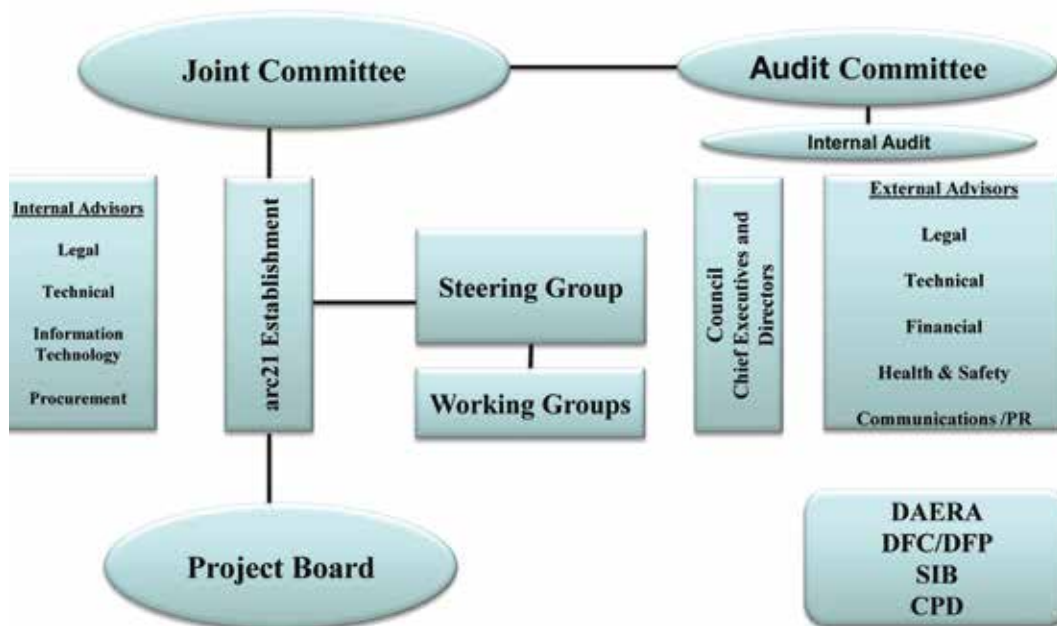
arc21 was originally established in 2004 and operates within a well-established governance framework, is overseen by a Joint Committee.

The Joint Committee meets on a monthly basis to make decisions concerned with advancing waste and resources management for the region and its constituent Councils.

At the core of the governance framework is the adoption of a corporate planning process of which this annual report is one element.

Minutes of Joint Committee meetings are published on arc21’s website.

GOVERNANCE FRAMEWORK



JOINT COMMITTEE

The Joint Committee is a vehicle to support the implementation of the Councils' waste strategy.

It comprises of three Members nominated from each Council to serve for a four-year term. A quorum of at least six Members representing at least four Councils is required to enable decision making.

At the first meeting of the new Joint Committee, held in May 2019 just after the Local Government elections, Alderman Robert Gibson and Councillor Willie Clarke were elected Chair and Deputy Chair, respectively.

AUDIT COMMITTEE

An Audit Committee reports to the Joint Committee to provide an independent assurance on the adequacy of arc21's risk management and associated control environment.

INTERIM SENIOR MANAGEMENT ARRANGEMENTS

In 2018 arc21's former Chief Executive, John Quinn retired. Subsequently, following an internal review, the other two Directors, Ricky Burnett and George Craig took on the roles of Chief Executive and Deputy Chief Executive, respectively, from September 2018 on an interim basis.

RISK MANAGEMENT

A risk management strategy was developed in line with best practice and is reviewed on an annual basis in conjunction with Belfast City Council's Audit Governance and Risk Services.

Risk Action Plans and a Risk Register are reviewed on an ongoing basis and the risks are evaluated using the likelihood and impact methodology. All risks related to major contracts and procurement exercises are identified as part of the ongoing project management process within arc21.

THE CORPORATE PLAN 2018-2020

The Corporate Plan sets out what arc21 must do - within the means available to it - to meet the expectations of its key stakeholders, the Councils. In developing the Plan arc21 has consulted widely. Engaging with key stakeholders was central to its development.

Based on what arc21 has learnt, the plan commits the organisation to 12 specific objectives and a series of initiatives and performance targets within a timetable that covers the period from April 2018 to March 2020.



CORPORATE STRATEGY

The Corporate Strategy is focused on the implementation of the Waste Management Plan and the Corporate Plan Framework is set out below



STRATEGIC OBJECTIVES AND PRIORITIES FOR ACTION

In order to be true to arc21's mission and maintain a focus on priority areas, arc21 adopted a set of strategic objectives to frame our work over the planning period 2018-2020. If we can achieve these objectives, arc21 will make great progress towards achieving its vision.

The first set of objectives are aimed at Serving Community and Stakeholders, and responding to their needs and expectations. We recognise that these can only be achieved in an efficient and effective way by Improving Our Processes and Managing Our Resources well. None of this, of course, will be possible if arc21 does not develop and motivate its people by ensuring through Learning & Growth that they have the capacity to lead, manage and deliver in their area of work.

This overall approach will ensure arc21 has a strategy which can support any new initiatives arising from the strategic review currently being undertaken by the NI Councils, the Circular Economy package, Brexit and emerging new major policy changes.

PROGRESS AGAINST CORPORATE PLAN

arc21's Corporate Plan 2018-20 was published in 2018 and sets out 12 Strategic Objectives underpinned by 41 prescribed aims and actions.

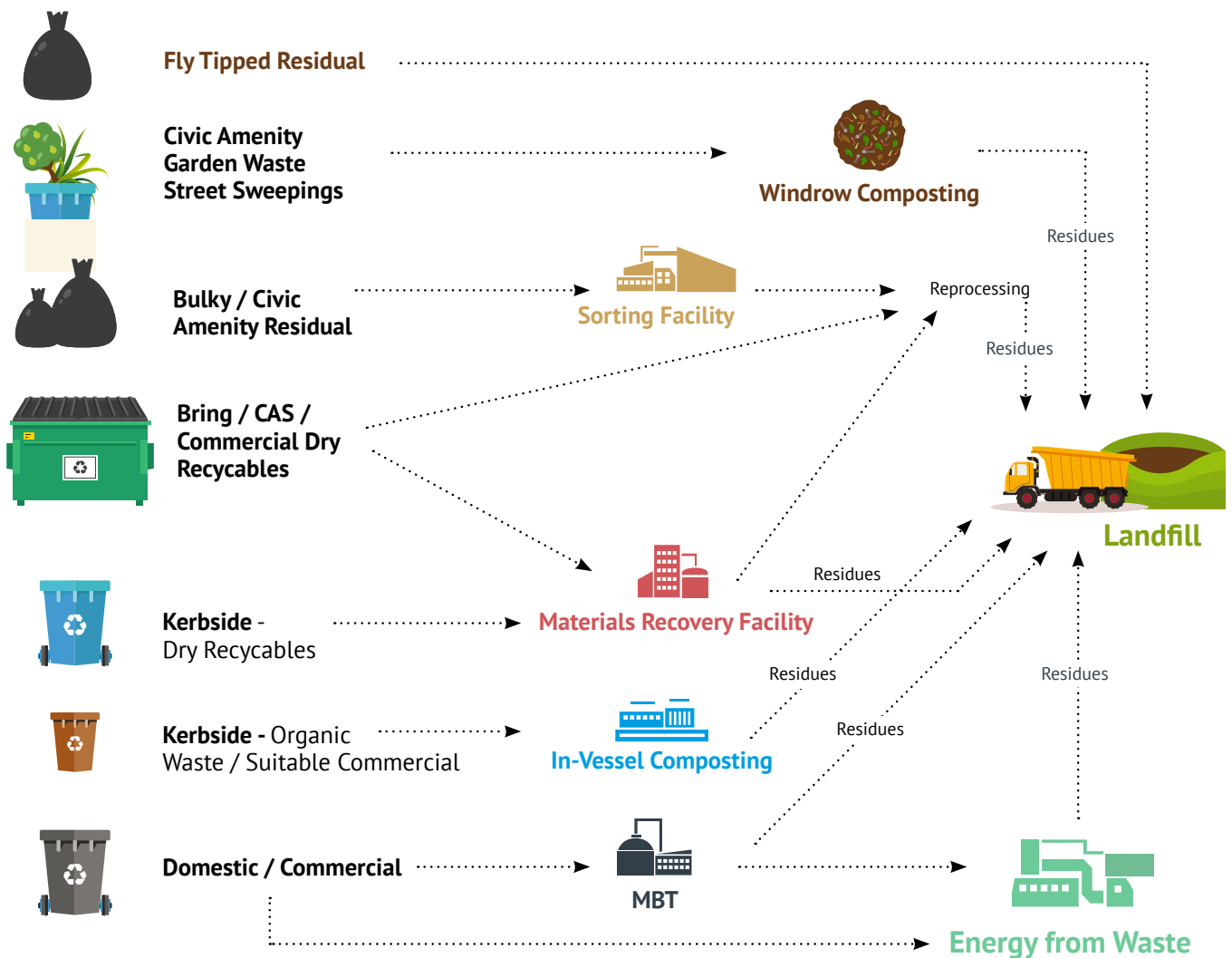
Associated business objectives for each Strategic Objective have been established and a range of improvement actions for the 2018-19 year were identified.

In summary, arc21 has grouped its 12 objectives into four main core areas of activity.

To ensure a balanced approach to delivering the corporate strategic objectives, arc21 selected a range of improvement objectives within a service delivery plan.

Our aim is to use the detailed delivery plans to monitor and manage the objectives within the Corporate Plan.

WASTE MANAGEMENT PLAN



CORPORATE OBJECTIVES

SERVING COMMUNITY AND STAKEHOLDERS

OBJECTIVE 1

Maintain and contribute to the implementation of the Waste Management Plan in compliance with legislative requirements and wider policy objectives

1. Planned Outcome

Monitor waste policy developments to ensure that the Waste Management Plan (WMP) remains current

Action Taken

- *WMP issues monitored on an ongoing basis to ensure currency*
- *Ongoing liaison with DAERA officials and attendance at various forums*

2. Planned Outcome

Implement process to conduct a basic comprehensive review of the WMP

Action Taken

- *Agreement with the steering group and Joint Committee of programme to deliver the new WMP*
- *Discussion with DAERA officials regarding WMP guidance*
- *Explored a joint working approach on an 11 Council WMP model*

OBJECTIVE 2

Ensure the provision of infrastructure and continuity of services and supplies

1. Planned Outcome

Continue to progress to a conclusion the remaining public procurement steps for the Residual Waste Treatment Project

Action Taken

- *Ongoing engagement with the bidder and the stakeholders undertaken*
- *Holding formation adopted in the absence of a decision on the planning application*

2. Planned Outcome

Respond as required to support the planning application determination process for the Residual Waste Treatment Project

Action Taken

- *Engaged with the formal Court of Appeal process following High Court decision, including the Department, Senior Counsel and other legal advisors*
- *Monitored Attorney General's case regarding constitutional position of Northern Ireland at the Supreme Court*
- *Monitored the new legislation implemented by the Secretary of State for Northern Ireland*
- *Updated key environmental information to ensure currency of the planning application*
- *Development of comprehensive presentation to Department seeking a decision to be made in accordance with the new legislation*
- *Regular engagement with key stakeholders, including the bidder, regarding process*
- *Engaged with Utility Regulator and System Operator for Northern Ireland (SONI) to ensure grid connection process is not impacted negatively*

3. Planned Outcome

Conclude strategic review of the permanent treatment infrastructure for organic waste

Action Taken

- *Engaged with the contractor and professional advisors with regard to variation proposal*
- *Engaged with Steering Group, Joint Committee and Councils to consider the business case and risks associated with a range of options including the variation proposal*
- *Achieved Council agreement on the variation proposal*

4. Planned Outcome

Ensure that relevant waste management treatment and supplies contracts are in place

Action Taken

- *Maintenance of procurement plan undertaken to ensure business continuity for both services and supplies*
- *Contract extensions agreed for Mixed Dry Recyclables contracts*
- *Procurements initiated for new Mixed Dry Recyclables contracts with one of them awarded*
- *Supplies – e-tendering procurement framework in place*
- *Bring Bank collection service procurement process concluded*
- *Haulage and Street Sweepings services continued in operation*

5. Planned Outcome

Assist Councils in consideration of future collection regimes with a particular focus on food waste and dry recyclables

Action Taken

- *Ongoing engagement with Councils, Waste Resources Action Programme (WRAP) and the Department (DAERA)*

6. Planned Outcome

Assist Councils in the implementation of changes to existing collection regimes

Action Taken

- *Engaged with Councils in regard to the WRAP Compositional Analysis exercise*
- *Engaged with Councils in regard to the range of collection regimes*

7. Planned Outcome

Identify and maximise funding support from Local Government, Central Government, European Commission and other strategic partners

Action Taken

- *Revenue Estimates for three years to March 2021 approved by Joint Committee*
- *Participant Councils made budgetary provision to meet operational requirements*

8. Planned Outcome

Brexit 'Day One Readiness' – ensure the provision of suitable arrangements are developed to address the impact of Brexit

Action Taken

- *Monitored ongoing Brexit developments*
- *Engaged with contractors regarding potential impact on continuity of service*
- *Ongoing engagement with Councils to consider potential implications*

9. Planned Outcome

Continue to provide high standard of service to key stakeholders

Action Taken

- *Customer Surveys undertaken*
- *Survey results presented to Steering Group and Joint Committee*

10. Planned Outcome

Ensure compliance with new data protection regulations – General Data Protection Regulations (GDPR)

Action Taken

- *Implemented a strategy mirroring the Information Commissioners Office guidance process*
- *Compliance achieved with the new Regulations as at 25 May 2018*
- *Internal Audit Plan review of GDPR compliance undertaken*

OBJECTIVE 3

Promote, educate and influence others on waste minimisation and recovery, both directly and in partnership with others

1. Planned Outcome

Focus on communications activities associated with the Residual Waste Treatment Project and improvements to enhance materials recycling

Action Taken

- *Continuation of professional advice from the public relations advisor*
- *Regular liaison with the bidder and their professional advisors*
- *The undertaking of a number of activities, e.g., press statements, media interviews etc.*



2. Planned Outcome

Provide a mobile education vehicle service and ensure equitable access to constituent Councils

Action Taken

- *The maintenance of an allocation and booking system designed to deliver the service across all arc21 councils*
- *Achieved target for educational service usage (actual versus target) with 173 days usage compared to 160 days target*
- *Service provided in 188 different locations across the whole of the arc21 area*



IMPROVING PROCESSES

OBJECTIVE 4

Strengthen arrangements with all stakeholders to aid delivery of effective and efficient waste management solutions

1. Planned Outcomes

- A. Continue to provide a central conduit for interaction with Local Government, Central Government and other agencies on issues of mutual interest
- B. Continue to work with other Local Government bodies e.g. Northern Ireland Local Government Association, SOLACE and Technical Advisory Group (TAG) on issues of mutual interest
- C. Continue to engage with Non-Government Organisations, professional bodies, trade organisations, pressure groups and other similar groups on matters of mutual interest
- D. Strengthen the development of robust relationships with private sector and voluntary sector partners including existing and potential service providers

Action Taken

- Engaged with Joint Committee, Steering Group and Audit Committee on an ongoing basis throughout the year
- Held regular staff meetings
- Regular engagement with waste Contractors
- Engaged with external bodies – DAERA / Department for Infrastructure / WRAP / Strategic Investment Board / National Association of Waste Disposal Officers / Local Government Staff Commission / TAG– on an ongoing basis as required



OBJECTIVE 5

Review and modernise arc21 structures and governance processes following the operational commencement of the six new Constituent Councils in April 2015

1. Planned Outcome

Review of governance structures and decision-making processes aligned to the strategic review being undertaken by Councils and Central Government

Review and improve robustness and resilience of procedures and systems in line with the outcome of strategic review

Action Taken

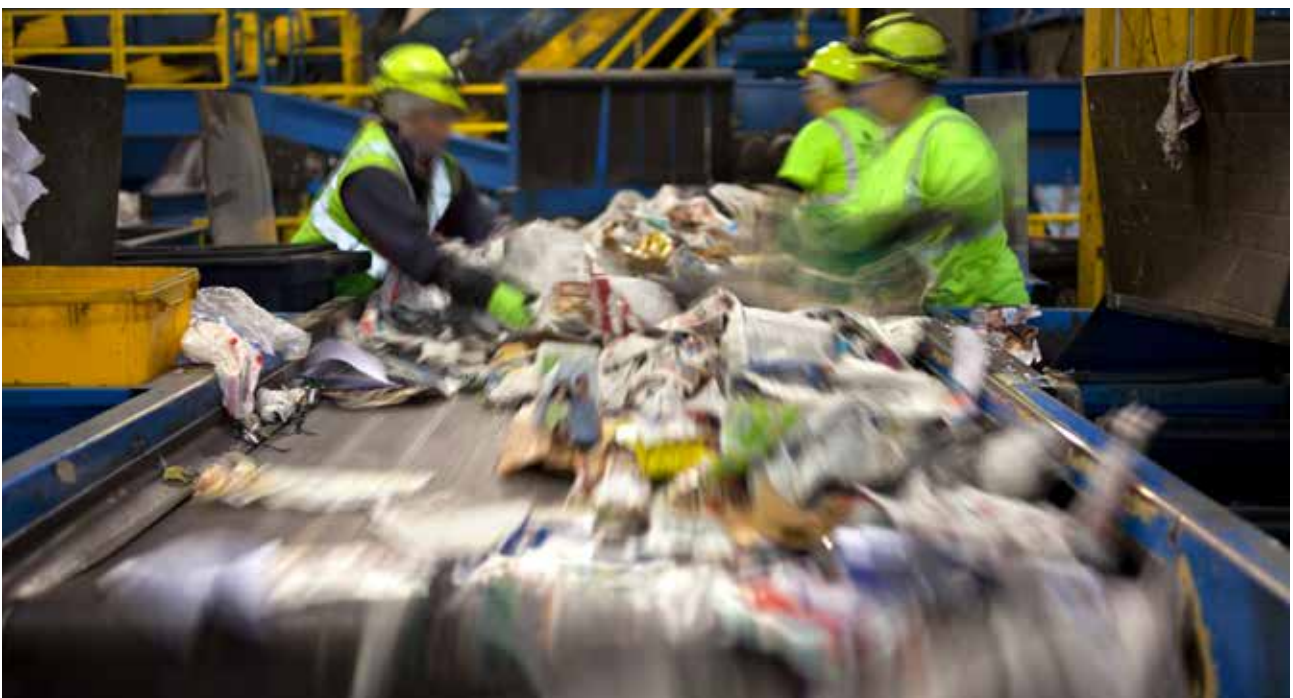
- *Monitored developments throughout the year in readiness for any actions to take or issues to consider as they*

2. Planned Outcome

Develop and Implement an annual Performance Improvement Plan

Action Taken

- *Improvement Plan agreed for 2018/19*
- *Improvement Plan Report for 2017/18 produced - achieved 29 out of the 31 service delivery activities set out in that year*
- *2018/19 Improvement Plan implemented and provided to Audit Committee*



OBJECTIVE 6

Improve the quality and stability of all systems and maintain external quality assurance where appropriate

1. Planned Outcome

Keep systems and procedures under review and update as required

Action Taken

- *No changes required during year*

2. Planned Outcome

Monitor external quality assurance initiatives and maintain current quality assurance accreditations - ISO9001 and Governance Excellence

Action Taken

- *Governance Excellence Accreditation maintained*
- *ISO9001 accreditation maintained*



LEARNING & GROWTH

OBJECTIVE 7

Ensure all staff are fully engaged and motivated

1. Planned Outcome

Provide an effective staff communications strategy to include all relevant developments as they arise

Action Taken

- Held quarterly staff meetings
- Issued relevant communications to staff on an ongoing basis

2. Planned Outcome

Provide training programme for individual staff members to develop skills, knowledge and competency to meet the ongoing needs of their job and anticipated changes

Action Taken

- Annual Staff Appraisals undertaken with all staff for 2017/18
- Staff Personal Development Plans (PDPs) for 2018/19 agreed for all staff
- Training and capacity building opportunities provided to staff in line with PDPs or Corporate requirements



3. Planned Outcome

Review legal and other developments in procurement and contract management and update internal procedures as appropriate

Action Taken

- *Internal procedures updated as required*
- *Procurement and contract management issues kept under review including staff attending relevant courses / events*

4. Planned Outcome

Provide relevant Corporate courses to staff

Action Taken

Courses held for staff dealing with

- *GDPR*
- *Risk Management*
- *Health and Safety*
- *General Wellbeing & Mental Health*

5. Planned Outcome

Ensure that appropriate recruitment procedures are in place

Action Taken

- *Procedures agreed for recruitment of new Chief Executive*
- *Engagement with Council Chief Executives regarding the recruitment of a new Chief Executive and also interim arrangements*
- *Interim arrangements agreed with the Policy and Operations Director covering the role of Chief Executive and the Corporate Services Director providing support in the role of Deputy Chief Executive*

6. Planned Outcome

Undertake initiatives to improve staff morale and motivation

Action Taken

- *Employee Assistance Programme and Occupational Health Service in place*
- *Quarterly Staff meetings held and ongoing staff communications issued*
- *Sickness absence levels monitored and updated*
- *Outcome for the year - no sickness absence for seven staff out of 11 (64%) during the year (compared to six out of 10 (60%) for the previous year)*

OBJECTIVE 8

Review organisational design to keep it fresh and fit for purpose

1. Planned Outcome

Review organisation structure, subject to outcome of strategic review being undertaken by Councils, to ensure efficient, effective and economic use of resources and continuing fitness for purpose

Action Taken

- *Monitored position on an ongoing basis with no organisation structure adjustments required*

OBJECTIVE 9

Provide relevant support for the development of Elected Members and Council Officers in their arc21 roles

1. Planned Outcome

Ensure that Elected Members and Council Officers are kept apprised of issues relevant to the remit of arc21

Action Taken

- *Regular Joint Committee, Audit Committee and Steering Group meetings held throughout the year*

2. Planned Outcome

Ensure currency of Elected Member Handbook

Action Taken

- *Handbook updated to reflect changes in Joint Committee Membership on an ongoing basis*

3. Planned Outcome

Maintain strategic briefing process for Chief Executives

Action Taken

- *Joint Committee Bulletins issued to Chief Executives monthly*
- *Ongoing communications with Chief Executives and Senior Officers as required*
- *Chief Executives engaged regarding the appointment of a new Chief Executive and interim senior management arrangements*

4. Planned Outcome

Submit collective responses to relevant consultation documents as appropriate

Action Taken

- *Six consultations responded to in the year*
- *Consultation Matrix updated as required and reviewed on an ongoing basis*

MANAGING RESOURCES

Objective 10

Achieve financial and performance targets

1. Planned Outcome

Ensure that the financial strategy of the organisation is consistent with the needs of the services provided

Action Taken

- *Revenue Estimates for three year period (2018/19 to 2020/21) approved by Joint Committee*
- *Budgetary provision agreed with Councils for Operational Waste contracts and Land Assembly*
- *Monthly Management Accounts and cashflow reports produced to ensure financial commitments are met*
- *Annual budget target met*

2. Planned Outcome

Implement agreed Corporate Key Performance Indicators to drive continuous improvement

Action Taken

- *Corporate KPIs agreed and progress monitored throughout the year*
- *Eleven of the fifteen Corporate KPIs were achieved*



OBJECTIVE 11**Demonstrate high standards of financial assurance and risk management****1. Planned Outcome**

Maintain financial systems and controls that meet public accounting standards

Action Taken

- *Accounting software kept up to date*
- *Data regularly backed up by Digital Services*
- *Internal and external Audit reviews confirmed robust systems and controls in place*

2. Planned Outcome

Manage corporate risks

Action Taken

- *Management of Corporate Risks well established and embedded within the organisation*
- *Formal reviews undertaken with Internal Audit Service regularly*
- *Risk profile updated to reflect changing risk environment quarterly*
- *Changes to risks formally reported to the Audit Committee*

3. Planned Outcome

Continue development of Internal Audit Strategy

Action Taken

- *Current three year internal audit strategy in place*
- *Internal audit reviews undertaken in line with audit strategy*
- *Audit Committee updated on internal audit strategy at quarterly meetings*

4. Planned Outcome

Provide effective Internal Audit service to undertake scrutiny of financial and associated risk management issues

Action Taken

- *Audit Governance and Risk Services (AGRS) from Belfast City Council formally engaged*
- *Service Level Agreement with AGRS for 2018/19 in place*
- *Internal Audit strategy in place and implemented*
- *Audit Committee presented with internal audit update reports quarterly*
- *Internal Audit service met the standards for effectiveness using the CIPFA guidance process*

OBJECTIVE 12**Ensure that governance arrangements are in place****1. Planned Outcome**

Establishment of an effective Audit Committee

Action Taken

- *Audit Committee in place and comprehensive secretarial support provided*
- *Audit Committee formally met as agreed on four occasions*
- *Effectiveness Self Assessment exercise undertaken which demonstrated that the Audit Committee was deemed to have been effective in accordance with the Cipfa Code*
- *Joint Committee updated on the activities of the Audit Committee regularly*



FINANCIAL REPORT

Financial Highlights of the year were:

- Income rose from £28.3m to £29.5m (6%) year on year
- Cash flow remained positive
- Strong and effective financial management assurance reports received from both Audit Governance and Risk Management Services (AGRS), and the Local Government Auditor
- The Local Government Auditor certified the accounts without qualification.

A Summary of the Comprehensive Income and Expenditure Statement is set out below.

	2018/19	2017/18
INCOME:	£	£
Participant Councils	1,165,000	1,150,000
Government Grant	0	0
Financing and Investment Income	9,413	7,824
Contract Income	28,413,143	27,175,084
TOTAL INCOME	29,587,556	28,332,908
EXPENDITURE:		
Employee Costs	653,865	618,738
Financing and Investment Expenditure	14,000	14,000
Other Costs and Administrative Costs	558,999	524,335
Contract Expenditure	28,413,143	27,175,084
TOTAL EXPENDITURE	29,640,007	28,332,157
SURPLUS / (DEFICIT) ON THE PROVISION OF SERVICES	(52,451)	751
<i>Re-measurement of the Net Defined Benefit Liability (Asset)</i>	126,000	93,000
Other Comprehensive Income and Expenditure	126,000	93,000
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE	73,549	93,751

OPERATIONAL OVERVIEW

WASTE MANAGEMENT CONTRACTS PERFORMANCE

To support Councils with the implementation of the Waste Management Plan, arc21 procures and manages a number of major waste infrastructure contracts dealing with the following key services:

- *Mixed Dry Recyclates – paper, cans, glass etc.*
- *Composting – food and garden waste*
- *Landfill – Black bin residual waste.*

All the waste infrastructure contracts performed satisfactorily during the year. In terms of waste management policy, the objectives of higher recycling, higher composting and more landfill diversion were achieved.

Tonnage delivered to the mixed dry recycling contracts was up by over 3%, tonnage delivered to the composting contract was also up by over 3% and the amount of waste sent to the landfill contract was down by over 4%.

Almost 60% of total Council waste arisings were treated through arc21 contracts, demonstrating the positive contribution made supporting Councils' implementation of their waste management strategy.

The household recycling rate achieved by Councils in the year increased to 50.1%, up from 48.4 % in the previous year.

Compliance with the Northern Ireland Landfill Allowance Scheme (NILAS)

NILAS measures compliance with statutory targets for landfilling Biodegradable Municipal Waste based on the EC Landfill Directive and entails annual decreasing targets until 2020.

This is the fourteenth year the scheme has been in operation and arc21, as a group, has met the targets in each year of the scheme, with Council's land-filling only 72.2% of their target in the year.

The figures for the 2018/19 year are shown below.

District Council / Waste Management Group	2018 / 19 Allocation	2018 / 19 Actual	2018 / 19 % of Allocation
Antrim and Newtownabbey Borough Council	17,878	11,622	65.01%
Ards and North Down Borough Council	20,252	19,186	94.74%
Belfast City Council	42,904	37,658	85.44%
Lisburn & Castlereagh City Council	17,512	16,108	91.98%
Mid & East Antrim District Council	17,451	14,444	82.77%
Newry Mourne and Down District Council	22,314	1,846	8.27%
arc21	138,311	99,864	72.20%

RESIDUAL WASTE TREATMENT PROJECT

In terms of developments during the year, a low level of procurement activity on the Project was undertaken due to the focus having to shift to manage the legal challenges involved with the Planning Application.

The court rulings following the DfI announcement in September 2017 that planning permission for developing waste treatment infrastructure at Hightown Quarry had been granted, spanned from November 2017 (with the granting of leave for a judicial review of the lawfulness of DfI's decision to grant this planning permission) through to a judgement of the High Court in May 2018 which determined that the decision by the Department was unlawful.

Following an appeal of the judgment by DfI, the Northern Ireland Court of Appeal in July 2018 supported the High Court judgment that the decision to grant planning permission was unlawful.

The outcome of the court rulings and legislation subsequently enacted in the UK Parliament requires the determination of the planning application to be made again. This necessitated the updating of information supporting the application and further environmental information was compiled and submitted during the year. At the time of publishing this report a decision on the planning application has not been made.

An outline of the solution is shown below with the main treatment facilities being Mechanical Biological Treatment (MBT) - a process which extracts recyclable material which is in black bin waste and bio-dries the remaining material to produce a refuse derived fuel (RDF); and Energy from Waste (EfW) - a tried and tested Energy Recovery technology that converts the RDF, and other waste, into heat and electricity.

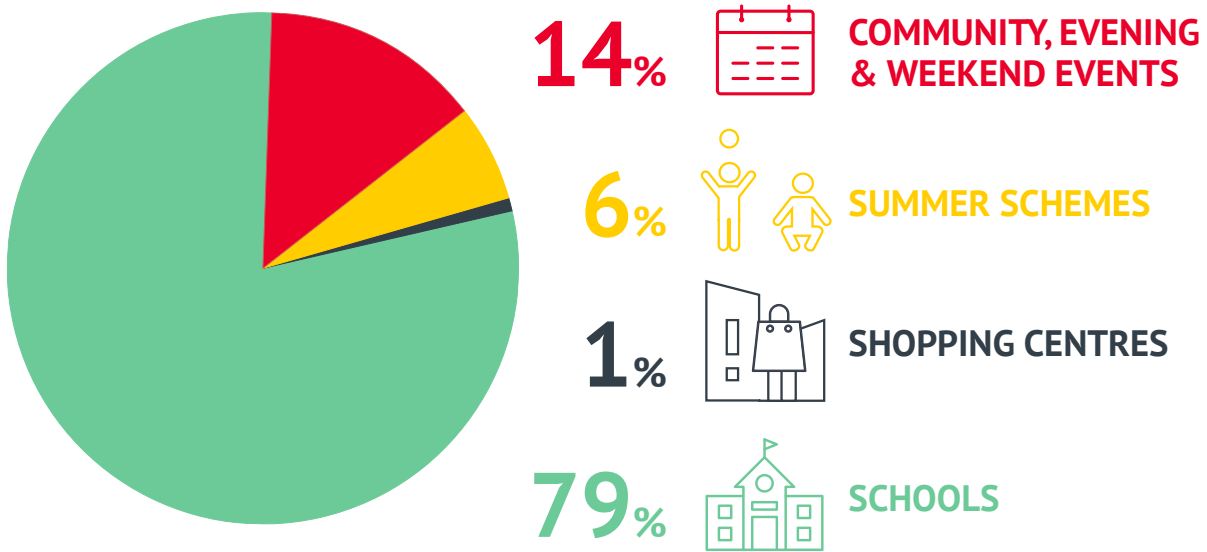


EDUCATION AND PROMOTION

The year to March 2019 demonstrated continued demand for the education vehicle service across the entire arc21 region by all six constituent Councils. The service proved, once again, to be very popular. It was used in 188 different locations over 173 days during this period with some locations being visited more than once.



Locations and types of visits



Summary of nature of use

School locations include nursery, primary and secondary schools. The nature of these visits range from interactive learning for nursery school children, including the use of recyclable materials to create arts and crafts, up to secondary school where interactive equipment is used to educate older school children, mainly the Quizdom system.

Community events, including evening and weekend events, cover a wide spectrum of planned activity i.e. litter picks on the beach, Womens Institute groups, social groups, HM Prison visits and local town events.

Summer events are primarily focused on the use of recyclable material to create arts and crafts while educating participants on the importance of recycling.

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