



# Annual Report 2019-2020





## CHAIRMAN'S WELCOME ALDERMAN ROBERT GIBSON

Having been appointed as the Chair of the Joint Committee in May 2019, I am delighted to present our annual review of the year to March 2020, the last year of the 2018-20 Corporate Plan. Previously, I had been the Deputy Chairman and was closely involved in the issues, challenges and achievements of that time, many of which continued into 2019/20.

It's pointless to say, but the waste industry remains ever changing and the political landscape continues to present issues for us at global, national and regional levels. Against this backdrop, I have no hesitation in commending arc21 in remaining resilient and adaptable to these changes and challenges.

As I look back over the 2019/20 year, there are a number of issues of note including:

- Continuing reduction in the amount of waste produced per person<sup>1</sup>
- Ongoing increases in the diversion of waste from landfill
- Evolving messaging around waste and resource use with the Extinction Rebellion and Blue Planet effect running parallel to increased references to the Circular Economy
- Keeping abreast of the changing landscape in Waste Policy with at least ½ dozen consultation papers addressed and preparing for the Circular Economy and the implications of Brexit for the waste sector
- In August 2019, retirement, of the Acting Chief Executive, Mr R Burnett, who successfully led arc21 from September 2018. He has been succeeded by Dr T Walker who has now taken on this role
- Ongoing staffing resilience in the face of extreme work pressures
- Strong support of Members, Council officers and arc21 officers
- The efforts made by arc21 staff to successfully develop the capacity, in the critical waste management issues, of Members, in particular the new Members, of the Joint Committee following the May 2019 Local Government elections
- The arc21 team transitioned seamlessly with next to no notice to home working in mid-March 2020 as a result of the COVID lockdown<sup>2</sup>

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 Acting Chief Executive, Ricky Burnett, who retired during the year and express my gratitude to him and the team for their expertise and support to the Joint Committee both over the past year and since it was formed back in 2004. In taking on the role Dr Tim Walker, on secondment from Belfast City Council, has big shoes to fill.

<sup>1</sup> The Northern Ireland local authority collected municipal waste management statistics 2019/20 report shows a fall of household waste from 467kg/person in 2018/19 to 465kg/person in 2019/20.

<sup>2</sup> It's worth highlighting that this Annual Report covers the period which ended with the introduction of lockdown measures to prevent the spread of COVID.

Following the Local Government elections last year, many new Members joined the Joint Committee membership and were immediately faced in regularising the award of the organics contract and other significant issues concerned with contract award and service delivery.

It is important that full attendance as possible by Members is achieved in order to make the important decisions required. The attendance record is attached at Annex 1.

Finally, I would like to take this opportunity to thank all the members who have so valuably contributed to the arc21 Joint Committee in previous years and I am confident that the new Joint Committee will continue this good work to deliver the strategic waste management support services needed by our partner councils. And, of course, none of this would happen if it wasn't for the hard work and energy of the arc21 team who have tirelessly and competently provided advice, guidance and support for the partner councils and the Joint Committee over the past year.



### ACTING CHIEF EXECUTIVE Tim Walker

This is my first opportunity as Acting Chief Executive to formally comment on the performance of arc21. As in previous years, 2019/20 proved to be a year which threw up a number of challenges and, having worked in waste management for several decades, I realised long ago that this is entirely to be expected.

I'm delighted to say that arc21 rose to the challenge and continued to develop a range of measures to help our six partner councils manage their waste in as effective, efficient and environmentally friendly a manner as possible at this time.

Our role continues to be to support our councils in introducing and implementing operations. Many of which are outlined in the statutory Waste Management Plan which was adopted in 2015. Since my time with arc21 I've been struck by the support and contribution from both council officers and Members in helping us to deliver services to the partner councils.

As you know, arc21's core function has been delivery of the Waste Management Plan in liaison with the councils including, primarily, advocacy, the procurement and contract management of waste treatment infrastructure, outreach, and educating future generations to better protect the environment.

From an operational perspective, arc21 contracts performed well over 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 50.7% achieved by our partner councils for the year.

Progress on the residual waste treatment project, to deliver the most complex element within our Waste Management Plan to treat our residual (black bin) waste is ongoing, albeit at a gradual pace. Following the excitement of recent years, we are still awaiting an outcome on planning permission from Minister Mallon.

There are a number of emerging issues globally and locally which will potentially impact on arc21's work. There has been an upswing in the number of consultation papers issued recently which includes, amongst others, Extended Producer Responsibility, Deposit Return Scheme, Tax on Plastic Packaging and Waste Management Plan for Northern Ireland. These are harbingers of seismic change and all will feature as aspects of any future Circular Economy plan for us – and this is against the backdrop of Brexit in which the UK is progressing with plans to leave the EU by the end of 2020. Other items on climate change, energy policy, network resilience, plastics, global markets, and the possibility of new environmental compliance structures for the United Kingdom are also on the cards.

In terms of resilience, this year again proved challenging for our small team but I am greatly impressed by their ongoing commitment, hard work and support for the partner councils, and ability to rise to the challenges which are thrown at them.

They are a great team, working quietly away behind the scenes to ensure that the wastes collected by the partner councils is dealt with expediently and appropriately – well done all!

Like the Chairman, I too would like to pay a special tribute to Ricky Burnett who was a long-term driving force behind the collaboration of partner councils. His rare insight and humour will be missed.

In summary, 2019/20 was a challenging and busy year and it is anticipated that future years will (unsurprisingly) remain so.

## EXECUTIVE SUMMARY

2019/20 was another challenging but successful year for arc21 with notable achievements across the organisation over a range of areas.

### CORPORATE STRATEGY

The development of a new four-year Corporate Plan, 2020-2024, setting out the organisation's Strategic Objectives got under way to replace the 2018/20 plan which expired in March 2020.

A Corporate Scorecard, which sets out a range of activities to help us deliver the Strategic Objectives, was also in place during the 2019/20 year to enable us to focus on the delivery of the strategic objectives in a structured manner.

There are twelve Corporate Strategic Objectives set out in the 2018/20 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 continued to be progressed in the 2019/20 year.

To manage and deliver these business objectives, 37 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 34 of the 37 improvement objectives were met or exceeded, providing substantial progress towards delivering the Strategic Objectives.

### GOVERNANCE & ORGANISATION

Highlights of the year included:

- arc21's sixth Corporate Plan and associated Corporate Scorecard, covering the 2018/20 period continued to be implemented in line with the Councils' Waste Management Plan
- ISO 9001 and Governance Excellence Accreditation standards were maintained
- Operational resilience was tested due to staff changes and long-term absence

## FINANCE

Turnover for the year was £29.5m, compared to £29.6m on the previous year.

The overall value of expenditure on waste treatment contracts awarded by arc21 since 2005 now stands at over £346m.

Cost savings in 2019/20 on Recycling and Composting contracts was in excess of £9m when compared to Landfill.

Once again, the accounts of the Joint Committee were certified by the Local Government Auditor without qualification, providing independent assurance to Partner Councils on the continued high quality of financial management and governance arrangements in place within the organisation.

## POLICY AND OPERATIONS

arc21 continued to monitor and respond to consultations and to plan for the challenges posed by the changing environment including, but not limited to, BREXIT, the Circular Economy, Climate Change, Energy, Producer Responsibility and to monitor and input, as required, into considerations relating to direction of travel with regard to the review of the Waste Management Plan.

Over the course of the year in excess of 335,000 tonnes was dealt with through arc21 contracts in addition to supporting contracts for haulage and supplies.

arc21 implemented business continuity processes to ensure the organisation and contractors continued to provide services during COVID-19.

## RESIDUAL WASTE TREATMENT PROJECT

arc21 continued to pursue planning permission for the residual waste treatment project.

## 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

arc21 operates under five important Principles which 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

### 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 2019-20 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 and was just above 50% at March 2020, exceeding the statutory 50% target set for this year, demonstrating the continued commitment of Councils to improve waste management services.

**KEY PRODUCTS AND SERVICES PROVIDED BY ARC21 TO PARTNER COUNCILS**

- Maintained Waste Management Plan in liaison with Councils
- Delivered relevant parts thereof including infrastructure, goods and services
- Procured waste infrastructure contracts to meet the needs of Councils
- Continued with the Contract Management arrangements, ensuring Compliance and Quality Control
- Managed pass-through contract fees and payments/retentions
- Monitored and Updated Councils on Strategic Policy Developments
- Continued external engagement and interaction with Politicians and senior Government Officials
- Knowledge Sharing
- Implemented Corporate Planning and Risk Management strategies

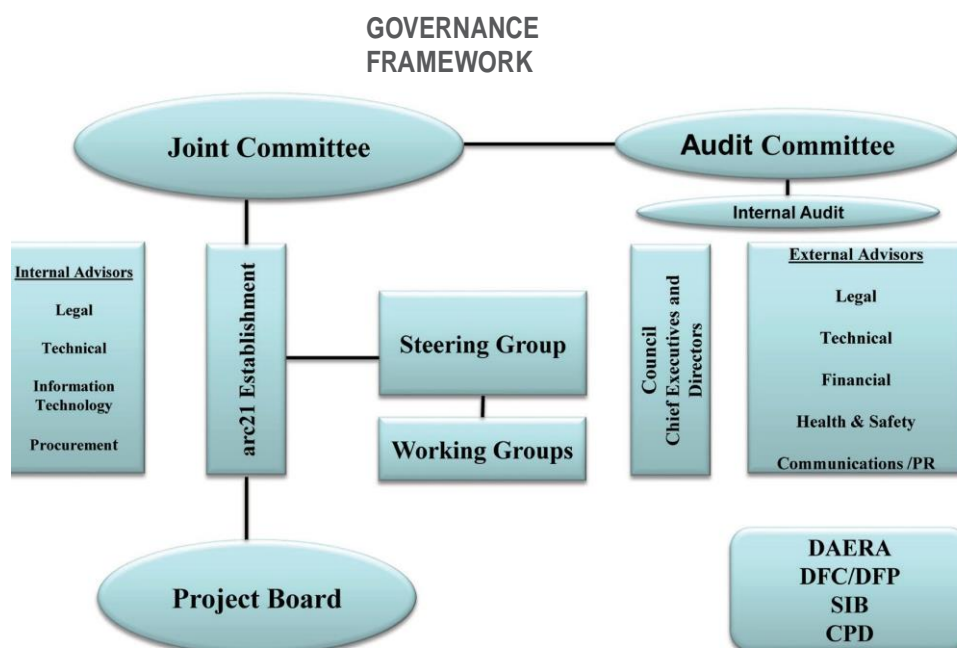
**GOVERNANCE FRAMEWORK**

arc21 was originally established in 2004 and operates within a well-established governance framework, which is overseen by a Joint Committee, made up of 18 elected Members nominated by their individual Councils with three Members nominated from each of the six Partner Councils.

The Joint Committee meets mainly on a monthly basis to make decisions, within the authority delegated to it, concerned with advancing waste and resources management for the region in support of the waste management strategies of the Partner 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 all Joint Committee meetings are published on arc21’s website.



The Joint Committee is a vehicle to support the implementation of the waste management strategies of Partner Councils'.

To enable lawful decisions to be made by the Joint Committee requires a quorum to be present at meetings. Although there are 18 Members serving on the Joint Committee, the quorum must be made up of two key elements with at least six Members representing at least four Councils being required to enable decision making. In accordance with the legislation a simple majority of Members present is needed to make lawful decisions but the quorum requirements mean that all decisions are made by the majority of Councils.

At the first meeting of the newly formed Joint Committee, held in May 2019, Members elected Alderman Robert Gibson to the position of Chair and Councillor Willie Clarke to the position of Deputy Chair, respectively.

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. The members of the Audit Committee are made up from Members of the Joint Committee. The Audit Committee is also supported by an independent member, John Balmer, who is the Head of Finance at Antrim and Newtownabbey Borough Council. John is able to provide technical financial management expertise in this role.

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 Acting Chief Executive and Acting Deputy Chief Executive, respectively, from September 2018. As noted above Mr Burnett retired in August 2019 and Dr Tim Walker has succeeded him, taking up office in October of the same year.

## **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, the internal audit service provider to arc21.

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 set out what arc21 had to do - within the means available to it - to meet the expectations of its key stakeholders, the Partner Councils. In developing the Plan arc21 consulted widely. Engaging with key stakeholders was central to its development.

Based on what arc21 had learnt, the plan committed the organisation to 12 specific objectives and a series of initiatives and performance targets within a timetable that covered the period from April 2018 to March 2020. Overall the actions and activities undertaken by the organisation over this two-year period enabled the strategic objectives to be delivered.

With the 2018-20 Corporate Plan coming to an end, the new Acting Chief Executive commenced the preparations for the development of a new strategic direction for the organisation during the year and Partner Councils endorsed a new four year Corporate Plan being developed effective from April 2020.

## CORPORATE STRATEGY

The Corporate Strategy is focused on the implementation of the Waste Management Plan and the Corporate Plan.

### 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, and by achieving these objectives it was recognised that arc21 would make great progress towards achieving its vision.

The first set of objectives were aimed at Serving Community and Stakeholders, and responding to their needs and expectations, recognising 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, would 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 ensured that arc21 had a strategy which could support any new initiatives arising from the strategic review currently being undertaken by the NI Councils, the Circular Economy package, Brexit and any emerging new major policy changes.

### PROGRESS AGAINST CORPORATE PLAN

arc21's Corporate Plan for the two-year period, 2018-20, was published in 2018 and set out 12 Strategic Objectives underpinned by prescribed aims and actions.

Associated business objectives for each Strategic Objective were established and a range of improvement actions for both years 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 for each year.

Our aim was to use the detailed delivery plans to monitor, manage and deliver the objectives within the Corporate Plan and this review places a particular focus on the 2019/20 objectives implementing the 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*
- *Engaged with key stakeholders (SG/JC/DAERA etc.)*
- *Monitored Waste Policy Developments and updated key stakeholders accordingly (CEP/DRS/EPR etc.)*

**2. Planned Outcome****Implement process to conduct a basic comprehensive review of the WMP***Action Taken*

- *Engaged with key stakeholders (SG/JC/DAERA etc.) on an ongoing basis*
- *Provided a comprehensive timetable to key stakeholders setting out the elements required and time scales involved in the review and development of the WMP*
- *Delivered workshops involving the 11 Councils focused on strategic overview, timeline and next steps;*
- *The planned outcome in this case was not achieved due to the desire by SOLACE to develop an 11 Council WMP. The role of arc21 in that process pending instructions, as to how arc21 would be involved in the process, was explored. Although arc21 did not achieve our objective of developing an implementation plan nonetheless the commitment to support whatever process or role Councils required was maintained by the organisation*

**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*

- *Due to the Planning Application not being determined, the procurement steps were placed on hold during the year*

**2. Planned Outcome****Respond as required to support the planning application determination process for the Residual Waste Treatment Project***Action Taken*

- *Following the successful legal challenges made against the Planning Application the main role for arc21 was to monitor the situation and engage with the consortium, advisors and regulatory authorities pending the determination*
- *Grid Connection application was progressed with the Bidder*
- *Environmental Updates associated with the Planning Application were undertaken*

### 3. Planned Outcome

#### Conclude strategic review of the permanent treatment infrastructure for organic waste

##### Action Taken

- Strategic review concluded
- Risk mitigation strategy developed and implemented in support of the proposal to vary the contract

### 4. Planned Outcome

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

##### Action Taken

- Continued to implement the procurement programme to ensure business continuity on the delivery of waste treatment and supplies services
- In relation to procurement activity
  - On 1 April 2019 the Contract for the Receipt and Processing of Mixed Dry Recyclables for use by Newry, Mourne and Down Council became operational as did the Bring Bank Service Contract, awarded in four lots, covering a network of sites across the arc21 area
  - A new contract for the Receipt, Storage and Transfer of Mixed Dry Recyclable Material, for use by Newry Mourne and Down District Council, was procured and awarded. The contract became operational on 16 September 2019
  - A Contract for the receipt and processing of Mixed Dry Recyclables for use by Antrim and Newtownabbey borough Council, Ards and North Down Borough Council, Belfast City Council, Lisburn and Castlereagh City Council and Mid and East Antrim Borough Council became operational on 30 September 2019
- Contract Extensions were put in place for the following contracts
  - Receipt and Processing of Mixed Dry Recyclables, Lot 1
  - Receipt and Processing of Street Sweepings, Lot 1 and 2
  - Municipal Waste Disposal Lot 1 and 2d
  - Loading, Haulage and Transfer of Residual Co-Mingled Dry Recyclable, Organic, Street Sweeping and Bulky Waste – Lot 1 and 2
- Legal challenges were mounted during the following procurements
  - Receipt and Processing of Mixed Dry Recyclables, Lot 1
  - Municipal Waste Disposal Contract, Lot 1 and 2
- These were defended and subsequently withdrawn

### 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, WRAP and DAERA
- arc21 supported a number of Councils in considering the impact of proposed changes from co-mingled to kerbside sort collection systems in terms of contractual requirements

## 6. Planned Outcome

### **Assist Councils in the implementation of changes to existing collection regimes**

#### *Action Taken*

- *Ongoing Engagement with Councils and other key stakeholders*

## 7. Planned Outcome

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

#### *Action Taken*

- *Revenue Estimates for the three years to March 2023 approved by Joint Committee*
- *Budgetary Provision made by Partner Councils to support the delivery of the services provided by arc21*

## 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 key stakeholders in assessing the impact of Brexit developments and potential implications on Waste Management activities in preparedness for the UK leaving the EU*

## 9. Planned Outcome

### **Continue to provide high standard of service to key stakeholders**

#### *Action Taken*

- *Undertook Customer Survey and reported outcome to key stakeholders*
- *Ongoing engagement with SG and JC including monthly update reports for consideration and approval*

## 10. Planned Outcome

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

#### *Action Taken*

- *Monitored compliance with regulations*

## **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

- Continued engaging PR advisor for professional communications advice
- Continued engaging with Bidders communications professional advisors
- Engaged with key stakeholders to commence the development of a comprehensive Marketing and Communications Plan for the Project

## 2. Planned Outcome

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

#### Action Taken

- The service operated until mid-March 2019 when it was withdrawn due to the impact of COVID
- Maintained allocation and booking system to ensure equitable access across all Partner Councils
- Target for service usage exceeded – 175 days compared to target of 160 days usage
- Service provided in 193 different locations with 94% of usage in schools and with community groups

## Improving Processes

### OBJECTIVE 4

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

##### 1. Planned Outcomes

- Continue to provide a central conduit for interaction with Local Government, Central Government and other agencies on issues of mutual interest**
- 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**
- Continue to engage with Non-Government Organisations, professional bodies, trade organisations, pressure groups and other similar groups on matters of mutual interest**
- Strengthen the development of robust relationships with private sector and voluntary sector partners including existing and potential service providers**

#### Action Taken

- Regular engagement with key internal stakeholders, Steering Group, Joint Committee and Audit Committee
- Held quarterly staff meetings

- *Engagement through Government Waste Working Group and TAG*
- *Programme of engagement with waste contractors put in place and implemented*
- *Ongoing engagement with key external stakeholders – DAERA/DfI/NILGA/SIB/WRAP/NAWDO/TAG/STAFF COMMISSION ETC*

### OBJECTIVE 5

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

**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 with Councils in readiness for any actions needed to be taken (none required during the year)*

#### **3. Planned Outcome**

**Develop and Implement an annual Performance Improvement Plan in compliance with the new Constitution of arc21, the 2015 Order and primary legislation the 2014 Act**

#### *Action Taken*

- *Corporate Improvement Plan for 2019/20 developed*
- *Achieved 34 out of the 37 service delivery activities set out in the Improvement Plan for the 2019/20 year*
- *Report on the 2018/19 Improvement Plan developed and Annual Report prepared and presented to the Joint Committee*
- *Commenced the development of a new four year Corporate Plan for the period from April 2020 to March 2024*

### 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*

- *Monitored compliance of ISO 9001 on an ongoing basis*
- *Monitored compliance of Governance Excellence Accreditation on an ongoing basis*

#### **2. Planned Outcome**

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



*Action Taken*

- *Undertook an independent internal assessment of ISO9001 process in preparation for external formal assessment by the accreditation body*
- *Underwent the independent external formal assessment by the ISO9001 accreditation body and maintained the standards to successfully achieve re-accreditation*
- *Governance Excellence Self Assessment Questionnaire undertaken and submitted to accreditation body "On Board" for review*
- *Accreditation Body "On Board" undertook formal review of Self Assessment and confirmed that arc21 remained compliant with the Governance Excellence accreditation (Report received in April 2020)*

**Learning and 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 two staff meetings and one corporate training event in the 2019 year*
- *Proposed Staff Meeting for March 2020 cancelled due to COVID*
- *Issued relevant staff communications 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 for the 2018/19 year*
- *Staff Personal Development Plans for 2019/20 agreed*
- *Training and Development 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 programme implemented and updated as necessary*
- *Legal challenges on the delivery of two key procurements successfully challenged*

#### 4. Planned Outcome

##### **Provide relevant corporate courses to staff**

###### *Action Taken*

- *Fraud Assessment course provided to staff*

#### 5. Planned Outcome

##### **Ensure that appropriate recruitment procedures are in place**

###### *Action Taken*

- *Recruitment exercise successfully undertaken for the appointment of a new Acting Chief Executive*
- *Engaged the services of the Local Government Staff Commission to ensure full compliance with best practice recruitment procedures*
- *Appointed Acting Chief Executive on a Secondment Basis for a minimum period of two years to ensure organisation leadership structure maintained at the highest level*

#### 6. Planned Outcome

##### **Undertake initiatives to improve staff morale and motivation**

###### *Action Taken*

- *Employee Assistance Programme in place*
- *General Health and Wellbeing support service in place*
- *Occupational Health support service in place*
- *Staff Absence levels monitored on an ongoing basis*
- *Outcome for the year – No sickness absence for 6 out of 11 staff during the year compared to seven out of 11 in 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*

- *Engaged with Councils in regards to the ongoing strategic review*
- *No organisation structure adjustments required*
- *Internal Acting Up appointment made to strengthen formal Senior Management Team structure*

## 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 as required*

#### **3. Planned Outcome**

**Maintain strategic briefing process for Chief Executives**

##### *Action Taken*

- *Joint Committee Bulletins issued to Council Chief Executives monthly*
- *Ongoing engagement undertaken with Chief Executives and other Senior Council Officers*

#### **4. Planned Outcome**

**Submit collective responses to relevant consultation documents as appropriate**

##### *Action Taken*

- *Twelve consultations responded to in the year*
- *Consultation Matrix updated on an ongoing basis and reviewed regularly by the Senior Management Team*

## **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 the three year period – 2020/21 to 2022/23 approved by the Joint Committee
- Budgetary provision for Land Assembly for major waste infrastructure made by Councils
- Budgetary provision for operational Waste Contracts and Supplies agreed with Councils
- Monthly Management Accounts and Cashflow reports presented to SMT
- Budget target for the year achieved – surplus recorded

**2. Planned Outcome****Implement agreed Corporate Key Performance Indicators to drive continuous improvement***Action Taken*

- Corporate KPIs (16) agreed, updated monthly and presented to SMT
- 12 out of the 16 Corporate KPIs 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*

- Maintained financial systems and controls that met public accounting standards
- Independent assurance provided by both Internal Audit Service provider and External Audit Service provider
- Internal audit programme reviews concluded without major concerns reported
- Annual statutory audit for 2018/19 year concluded satisfactorily with Financial Statements approved without qualification
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**2. Planned Outcome****Manage corporate risks***Action Taken*

- Corporate Risks monitored throughout the year
- Formal reviews and updates undertaken quarterly supported by Internal Audit Service provider
- Audit Committee updated at regular meetings
- Review of Corporate Risks in line with new Corporate Plan 2020/24 commenced

**3. Planned Outcome****Continue development of Internal Audit Strategy**

*Action Taken*

- *Three year Internal Audit Plan in place*
- *Audit Plan regularly reviewed and updated with AGRS*
- *Progress Reports presented to Audit Committee regularly*

**4. Planned Outcome****Provide effective Internal Audit service to undertake scrutiny of financial and associated risk management issues***Action Taken*

- *Service Level Agreement in place for 2019/20 year agreed by the Audit Committee*
- *Annual review of internal audit service effectiveness undertaken successfully*
- *AGRS support provided on an ongoing basis to arc21 and the Audit Committee*
- *Formal reviews, updates and reports presented to SMT and the Audit Committee*

**OBJECTIVE 12****Ensure that governance arrangements are in place****1. Planned Outcome****Establishment of an effective Audit Committee***Action Taken*

- *New Audit Committee established following Local Council elections and new Joint Committee formed*
- *Comprehensive secretarial support service provided*
- *Audit Committee met on 4 occasions during the year, meeting the recommendations of the Local Government Auditor*
- *Effectiveness of new Audit Committee not undertaken due to it only being established in the 2019/20 year*
- *Joint Committee updated on the issues considered by the Audit Committee*

**FINANCIAL REPORT**

Financial Highlights of the year were:

- Income marginally down from £29.6m to £29.5m.
- 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 2019/20 year accounts without qualification.



A Summary of the Comprehensive Income and Expenditure Statement is set out below in respect of the 2019/20 year in comparison with the 2018/19 year.

|  | 2019/20           | 2018/19           |
|--|-------------------|-------------------|
| <b>INCOME:</b>   | £                 | £                 |
| Participant Councils   | 1,178,000         | 1,165,000         |
| Financing and Investment Income                                | 13,021            | 9,413             |
| Contract Income  | 28,270,177        | 28,413,143        |
| <b>TOTAL INCOME</b>  | <b>29,461,198</b> | <b>29,587,556</b> |
| <b>EXPENDITURE:</b>  |                   |                   |
| Employee Costs   | 637,808           | 653,865           |
| Financing and Investment Expenditure                           | 11,000            | 14,000            |
| Other Costs and Administrative Costs                           | 414,916           | 558,999           |
| Contract Expenditure   | 28,270,177        | 28,413,143        |
| <b>TOTAL EXPENDITURE</b>                                       | <b>29,333,901</b> | <b>29,640,007</b> |
| <b>SURPLUS / (DEFICIT) ON<br/>THE PROVISION OF SERVICES</b>    | <b>127,297</b>    | <b>(52,451)</b>   |
| Re-measurement of the Net Defined Benefit Liability<br>(Asset) | (457,000)         | 126,000           |
| <b>TOTAL COMPREHENSIVE INCOME AND<br/>EXPENDITURE</b>          | <b>(329,703)</b>  | <b>73,549</b>     |

## POLICY AND OPERATIONAL OVERVIEW

### WASTE MANAGEMENT POLICY

The Department of Agriculture, Environment and Rural Affairs published a Waste Management Plan for NI (WMPNI) in December 2019. The WMPNI is a high level, non-site specific document. It provides an analysis of the current waste management situation in Northern Ireland, and evaluates how it will support implementation of the objectives and provisions of the Revised Waste Framework Directive (rWFD).

The WMPNI did not introduce any new policies or change the landscape of how waste was managed in Northern Ireland. Its core aim was to comply with the requirements of the rWFD, bringing current policies under the umbrella of a WMPNI, with a forward look at policies being considered for future waste management in Northern Ireland. The WMPNI incorporated current waste policies, including those as detailed in the current Northern Ireland Strategy, “Delivering Resource Efficiency” - Northern Ireland Waste Management Strategy under the umbrella of one WMPNI.

During the year arc21 responded to a number of consultations related to waste management activities. These are identified in Table 1 below:

Table 1: Specific waste related consultations responded to by arc21

|  |
|--|
| Plastic packaging tax  |
| Extended Producer Responsibility   |
| Consultation on introducing a Deposit Return Scheme in England, Wales and Northern Ireland       |
| The Local Government Pension Scheme (Amendment) Regulations (NI) 2019                            |
| DAERA Science Strategy (deadline extended to 25Oct19)  |
| Waste Electrical and Electronic Equipment compliance fee 2019                                    |
| Industrial Energy Transformation Fund  |
| WEEE DTS Phase 5   |
| Environment Strategy for Northern Ireland Public Discussion Document (extended 23Dec to 5 Feb20) |
| Innovation Strategy  |
| Waste Prevention Programme   |
| Energy Strategy  |

There remain a significant number of challenges including:

- Global markets for secondary materials
- Brexit
- Climate change
- Circular Economy Package
- Emerging issues related to changes in the UK environmental compliance structure
- Northern Ireland energy policy and network resilience
- Ongoing consideration of an all Council-wide strategic review of waste management
- Direction of travel with regard to the revision of the regional waste management plans
- Resilience amongst all stakeholders particularly in relation to the impact of COVID-19

Significant changes in waste policy had been signalled by the Government at Westminster with major implications for Local Government right across the United Kingdom. The direction of travel in the sector continues to point 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.

It is anticipated that arc21 will be applying substantial resources to waste policy changes, and their implications for Councils, as part of our ongoing support to partner councils, in the coming years.

In relation to the review of the Waste Management Plan, arc21 hosted two workshops to enable the eleven Councils to consider issues, roles, responsibilities and timescales relating to the development of a single plan for all of NI.

## OPERATIONS

Operationally, arc21 contracts continued to deliver services related to the transfer, treatment and disposal of waste, to service Council requests for supplies of wheeled bins, caddies, caddy liners etc. and to extend and procure new contracts as required.

In the later part of the year, March 2020, the impact of COVID-19 on Council services started to have an effect and specific protocols were quickly put in place to handle the flow of information to and from Councils and Contractors and to participate in wider forums associated with it. arc21 liaised with all of its contractors to ensure that their arrangements in respect of business continuity remained robust in the prevailing circumstances. In addition, arc21 suspended site visits in line with the preventative measures put in place to stop non-essential travel and to maintain social distance.

Tonnages treated and disposed of through the four main arc21 waste contracts were slightly down from 336,101 tonnes in 2018/19 to 334,816 tonnes in 2019/20, mainly due to the impact of COVID in the very latter part of the year. There were increases in tonnages being delivered to the Mixed Dry Recyclables (41,981 – up by 1,744 tonnes or 4.3%) and Composting (142,357 up by 8,096 tonnes or 6%) contracts. Lower tonnages were delivered to the Landfill contract (142,373 down by 9,000 tonnes or 6%) as would be expected due to increased recycling and the impact of landfill diversion targets.

arc21 awarded contracts for the receipt and processing of Mixed Dry Recyclables and the servicing of a network of Bring Banks for glass, cans, textiles and paper covering all Councils and a transfer and haulage contract for use by Newry, Mourne and Down District Council. A tender for Municipal Waste Disposal was also initiated and the review of the Organic Waste Treatment Contract was concluded.

In addition, arc21 have been assisting Councils who have been progressing changes to service delivery models particularly in respect of the collection of mixed dry recyclables.

The increase in recycling and composting tonnages remains encouraging. One of the most significant policy proposals relates to Extended Producer Responsibility. This 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 accessing any money is likely to require further changes to council operations and greater interface with the private sector.

As Councils face challenges and opportunities in the coming years, arc21 stands ready to provide the specialist support to assist Councils to meet those changes.

In terms of the Residual Waste Treatment Project, no planning decision was received during the year following the quashing of the approval pursuant to the High Court judgement. Environmental data was updated as required and responses were dealt with for requests for further information.

## EDUCATION AND AWARENESS

The educational vehicle service was extensively used across the arc21 region in support of Councils' waste promotional activities, visiting 193 different locations during the year. The user evaluation survey completed at each site showed high levels of user satisfaction with the service and the content of the programmes.

The service remained particularly focused on delivery of talks to schools but was also utilised by community groups, summer schemes and specific locations such as shopping centres and Household recycling Centres.

Unfortunately, due to COVID the service had to be suspended in March 2020.

## SUPPLIES

arc21 continued to purchase supplies of bins, bottle banks, caddy liners and boxes on behalf of Councils.

## OTHER ACHIEVEMENTS DURING THE YEAR INCLUDED

- Household waste recycling for the arc21 region increased to 50.7%, from 49.2%, continuing the steady increase since 2000 when the figure was just 7.5%
- Northern Ireland Landfill Allowance Scheme (NILAS) targets for 2019/20 were reported and met. The arc21 region landfilled 67.2% of the allowance, an improvement on 72.2% for the previous year

## arc21 BUSINESS CONTINUITY

Due to COVID the arc21 Business Continuity Plan was implemented in mid-March 2020. The offices utilised by arc21 in Belfast Castle were closed at short notice on 18 March 2020. From that point all services provided by the organisation were undertaken remotely.

The Business Continuity Plan, in general, operated successfully, albeit the scenario and length of time the situation has prevailed had not necessarily been foreseen in all aspects.

Initially aspects such as regular Steering Group and Joint Committee meetings were replaced with a revised process but virtual meetings were instigated at the earliest opportunity. In addition, some amendments were required to internal processes to account for remote working and any necessary changes made to the availability of suitable IT hardware and software. However, the organisation and its staff were resilient and quickly adapted to the changed environment through the use of virtual platforms and revised working arrangements.

## 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.

In light of the court rulings last year, and legislation subsequently enacted in the UK Parliament which requires the determination of the planning application to be made again, various information strands supporting the application were updated. In January, the Executive was re-formed with Ms A Foster as First Minister and Sinn Féin's Ms M O'Neill as Deputy First Minister. Mr E Poots was appointed as Minister for Agriculture, Environment & Rural Affairs and Ms N Mallon to the post of Minister for Infrastructure. At the time of writing, a decision on the planning application has yet to be made.

For the sake of clarity, an outline of the proposed waste infrastructure is shown overleaf 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.





## ANNEX 1

## JOINT COMMITTEE ATTENDANCE

The current Members were nominated to serve on the Joint Committee following the Local Government Elections in May 2019, and the first meeting of the new Joint Committee was also held at this time.

In the period from May 2019 until March 2020, there were 8 Joint Committee meetings held with the meeting planned for March 2020 being cancelled due to the Covid-19 emergency.

It is important for decision-making for arc21 that as full an attendance as possible is achieved at Joint Committee to allow for consideration, debate and approvals on the issues impacting on our Partner Councils. This includes covering progress on the councils/arc21 Waste Management Strategy, contract awards and consultation responses.

For decisions to be valid there must be a quorum at a Joint Committee meeting which is made up of two elements – a minimum of 6 Members in attendance representing a minimum of 4 Councils. Only one meeting was inquorate – December 2019.

The attendance of the Members who served on the Joint Committee for the period up to March 2020 is provided below. This is presented as a simple table listing the Member and the meetings attended:

| Member                               | Council                                 | No of meetings eligible to attend | No of meetings attended |
|--------------------------------------|---|-----------------------------------|-------------------------|
| Councillor A Bennington <sup>3</sup> | Antrim and Newtownabbey Borough Council | 8                                 | 2                       |
| Councillor N Kelly                   | Antrim and Newtownabbey Borough Council | 8                                 | 1                       |
| Councillor T McGrann                 | Antrim and Newtownabbey Borough Council | 8                                 | 1                       |
| Councillor M Goodman <sup>4</sup>    | Antrim and Newtownabbey Borough Council | 0                                 | N/A                     |
| Alderman A Carson                    | Ards and North Down Borough Council     | 8                                 | 5                       |
| Alderman R Gibson ( <i>Chair</i> )   | Ards and North Down Borough Council     | 8                                 | 8                       |
| Councillor G Walker                  | Ards and North Down Borough Council     | 8                                 | 3                       |
| Councillor F Ferguson                | Belfast City Council                    | 8                                 | 1                       |
| Councillor JJ Magee                  | Belfast City Council                    | 8                                 | 5                       |
| Councillor P McReynolds              | Belfast City Council                    | 1                                 | 0                       |
| Councillor N Verner <sup>5</sup>     | Belfast City Council                    | 3                                 | 0                       |
| Alderman D Drysdale                  | Lisburn & Castlereagh City Council      | 8                                 | 5                       |
| Councillor M Gregg                   | Lisburn & Castlereagh City Council      | 8                                 | 5                       |

<sup>3</sup> Left Feb 2020, replaced by Cllr Goodman March 2020

<sup>4</sup> Joined March 2020

<sup>5</sup> Left August 2019, replaced by Cllr Mc Reynolds Feb 2020

|   |   |   |   |
|---|---|---|---|
| Councillor S Lee                            | Lisburn & Castlereagh City Council      | 8 | 8 |
| Councillor M Armstrong <sup>6</sup>         | Mid and East Antrim Borough Council     | 7 | 1 |
| Councillor M Burnside                       | Mid and East Antrim Borough Council     | 8 | 5 |
| Alderman R Cherry                           | Mid and East Antrim Borough Council     | 1 | 0 |
| Councillor I Friary                         | Mid and East Antrim Borough Council     | 8 | 2 |
| Councillor W Clarke ( <i>Deputy Chair</i> ) | Newry, Mourne and Down District Council | 8 | 2 |
| Councillor H Harvey <sup>7</sup>            | Newry, Mourne and Down District Council | 3 | 3 |
| Councillor H McKee                          | Newry, Mourne and Down District Council | 8 | 8 |
| Councillor K Owen                           | Newry, Mourne and Down District Council | 3 | 2 |

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<sup>6</sup> Left Feb 2020, replaced by Cllr Cherry Feb 2020

<sup>7</sup> Left August 2019, replaced by Cllr Owen Nov 2019