



Annual Report & Financial Statements for the year ended 31 March 2010



arc21

Walsh House

Fortwilliam Business Park

35 Dargan Road

Duncrue Industrial Estate

Belfast BT3 9LZ

T: 028 9072 6333

F: 028 9072 6332

E: info@arc21.org.uk

W: www.arc21.org.uk







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EXECUTIVE SUMMARY

2009/10 was another successful year for arc21 with notable achievements across a range of areas:

Governance & Organisation

The high standards set in previous years were maintained and improved on in a number of ways:

- A Code of Governance based on principles advanced by CIPFA / SOLACE was developed during the year and was approved at the Audit Committee
- A Public Interest Disclosure ('Whistleblowing') policy was established and communicated to staff
- KPIs were introduced to monitor performance across four areas: customers, finance, process / contracts and people

Operations

Focus was given to achieving the five strategic objectives set out in the Corporate Plan 2009 - 2012.

Annual associated Business Objectives for each Strategic Objective are established each year within the Corporate Plan framework. A total of 48 associated Business Objectives were established for the period 2009/2010, 37 of which were fully delivered.

Other achievements included:

- 2010 was the eighth year in succession that the amount of household waste recycled or composted increased, it now stands at 35%, up 1.1%
- The average amount of waste produced per household also fell for the eighth year running; it now stands at 1.15 tonnes
- There was a year-on-year reduction in landfill of 4.9% (a fall of 17,330 tonnes)
- Savings to Local Councils remained in excess of £4m per annum
- Introduction of a mixed-glass, colour collection regime at bottle banks to ease the recycling process
- A Good Practice Guide was produced for Councils to help reduce contamination of loads
- Annual Performance Reports and the Implementation Action Plan were both submitted to the Department of the Environment
- Quarterly 'Wasteflowdata' reports continue to be submitted to the Department of the Environment
- Improvements introduced during the year to the invoicing processing included a more robust payment authorisation procedure to enable quicker payment to suppliers



- Two editions of arc21's 'Wasteline' magazine were produced during the year
- arc21 accepted invitations to speak at a number of conferences throughout the UK
- arc21's mobile education vehicle continued to be very popular, visiting over 400 locations
- An 18-page Business Continuity Plan was produced during 2009/2010 and will be the subject of a test exercise during 2010/2011
- Responses submitted to 13 consultations relating to arc21's remit
- Extensive engagement with stakeholders ranging from Government to contractors to the waste industry

The Residual Waste Treatment Project

The Residual Waste Treatment Project (RWTP) is one of the largest public procurement processes ever undertaken in Northern Ireland. With an estimated lifetime value in excess of £1bn, the project reflects the requirements set out in arc21's Waste Management Plan to establish new waste infrastructure to process waste which isn't physically or practically possible to recycle.

Following the receipt of Outline Solution submissions by six consortia in 2009, arc21 completed RWTP's land assembly exercise in February 2010. The Invitation to Submit Detailed Solutions stage completed in October 2010 with responses from two consortia. Preliminary contact was also made with the European Investment Bank regarding the project with a view to further contact during 2010/11.

Finance

In 2009/10 turnover rose for the fifth consecutive year to £31.2m. This growth was due to significant developments in contracting waste facilities, increases to the Landfill Tax escalator and, latterly, the stepped increase in procurement activity for the Residual Waste Treatment Project.

Expenditure also rose to £30.1m resulting in a surplus of £293,115 for the year to March 2010.

£4.4m was saved in Landfill Tax through the diversion of waste to the Materials Recovery Facility, Bring Sites and Organic Waste Contracts.

The 2009/2010 financial results reflect an overall satisfactory position for arc21. Once again the cash position remained strong and arc21 has been able to increase the level of its reserves, providing the organisation with the ability to meet future financial challenges in the waste sector.

CHAIRMAN'S WELCOME



Alderman Hubert Nicholl

The combined household recycling and composting rate across arc21's region reached a record high of 35% during 2009 / 2010, representing the eighth successive year that the figure has improved. In addition, the average amount of waste produced per household population fell to 1.15 tonnes, the lowest figure recorded in a decade. Clearly, with regard to waste management, the arc21 region is moving in the right direction.

Statistics such as these, however, are merely the culmination of a great deal of effort, planning and investment by arc21's Councils, both collectively and individually. They also reflect an openness and willingness by the public to change their attitudes towards waste and to respond to the '3Rs' message of 'Reduce, Reuse, Recycle'.

For our part, arc21 can encourage, educate and ease the process of recycling / composting for households, but without the continued cooperation and support of the public our efforts would be in vain.

Clearly, while significant progress has been made - recycling rates across arc21 have more than quadrupled in the past decade - there is further work to be done, particularly as recycling targets become more challenging to achieve.

However, the collective nature of arc21's approach continues to pay dividends with a joint approach enabling them to provide better and more effective waste management services to ratepayers than could be achieved individually.

New developments during 2009 / 2010 included additional services for organic waste and glass collection - providing ratepayers with greater scope to recycle and compost ever greater proportions of their household waste. Work also progressed on the Residual Waste Treatment Project (RWTP) procurement exercise to deliver new waste infrastructure to treat non-recyclable waste and further enhance recycling rates.

Education continues to feature strongly in arc21's activities, supporting both Central Government initiatives such as 'Rethink Waste' as well as projects organized on a local level by individual Councils. arc21's mobile educational vehicle, 'Waste Buster', continues to be a popular resource for all age ranges, visiting over 400 locations including schools, shopping centres and agricultural shows such as Ballymena and Balmoral.

arc21 has also continued to build capacity and technical understanding throughout its constituent Councils with regular briefings and seminars for Councillors and Officers ranging from CEOs to Waste Managers. As a specialist waste management organization, arc21 has developed its own in-house expertise and access to the wider UK waste industry; providing a resource which Local Government from across the region has been able to tap into and benefit from.

As Chairman I would also like to take the opportunity to formally express my appreciation for the work and commitment of the Joint Committee and arc21's Officer team. Waste management is a crucial service which affects nearly every aspect of day-to-day life. Managing our waste in an ever more cost effective and environmentally friendly way is a significant challenge, but one which we all stand to benefit from.

CHIEF EXECUTIVE'S FOREWORD

2009 / 2010 has marked another important year for arc21 as we continue to develop a range of measures to help our constituent Councils and ratepayers manage waste in a more effective, efficient and environmentally friendly manner.

The collaborative approach adopted by the eleven Councils continues to be a model for the delivery of Local Government services on a sub-regional level.

Indeed, some of the principles associated with the current Local Government Reform agenda sit comfortably with arc21's activities as the organisation continues its development to deliver best practice on behalf of its constituent Councils. Much of the debate has focussed on delivery, best value through voluntary collaboration and the establishment of appropriate methods to monitor performance - areas which arc21 has already progressed.

With regard to waste management, this joined-up approach has enabled Councils to provide enhanced services which continue to meet increasingly stringent waste targets, such as increased recycling rates and lower landfill tonnages, whilst providing value for money for rate payers.

A Code of Governance was agreed during the year, based upon the principles devised by the Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief Executives. The objective is to encourage values by which arc21 is guided and through which it accounts to, engages with and, where appropriate, leads its community.

I am also pleased to note that an independent assessment of arc21's procurement and contract management activities concluded that arc21 was operating above the standard necessary to achieve Centre of Procurement Excellence accreditation.

Some of the tangible outworkings during 2009 / 2010 have included improvements to the collection of organic waste and glass products, while progress was also maintained in the procurement of new waste infrastructure to further enhance recycling rates and provide the means by which non-recyclable material can be treated as a resource rather than a waste product.

Also during 2010, through a joint contract, nine arc21 Councils have been able to collect household organic waste (including food waste) for composting purposes. The contract will divert 70,000 tonnes away from landfill sites annually and help the region move closer to achieving its target of recycling / composting at least 50% of all household waste by 2020.

Recycling for householders was made easier by moving from a colour-separated regime for collecting glass at bottle banks to a mixed-colour collection regime (available at over 200 sites throughout arc21). An alternative process to recover rather than landfill material rejected from the Materials Recovery Facility at Mallusk was also introduced to help minimise the amount of material going to landfill.

This has been another busy year for arc21. Aside from organisational changes, progress in key areas such as increased landfill diversion and improving recycling rates has demonstrated that society, as a whole, continues to respond positively to the '3Rs' message.



John Quinn

A photograph of a woman with short brown hair, wearing a red zip-up jacket, looking through a circular opening. She is smiling and holding a butterfly with yellow and black wings. The background is a clear blue sky. The text "corporate overview" is overlaid on the right side of the image.

corporate overview



CORPORATE OVERVIEW

History & Constitution

arc21's origins can be traced back to 1999 when a number of Council representatives agreed that a joint approach was the most effective way to deliver a successful waste management strategy for the region. By 2000, 11 Councils had joined together to form the Eastern Region Waste Management Group, which was eventually renamed arc21.

The arc21 Councils

Antrim Borough Council	Ards Borough Council
Ballymena Borough Council	Belfast City Council
Carrickfergus Borough Council	Castlereagh Borough Council
Down District Council	Larne Borough Council
Lisburn City Council	Newtownabbey Borough Council
North Down Council	





The purpose of the collaboration was firstly to produce a Waste Management Plan in compliance with Article 23 of the Waste and Contaminated Land (NI) Order 1997, and then establish administrative arrangements to maintain and implement it with particular emphasis on developing a network of cost effective regional waste management facilities.

The original Waste Management Plan was ratified by the Councils in 2003 and updated in 2006 following a comprehensive review.

In July 2003, the 11 member Councils of arc21 agreed - for the purposes of implementing the policies set out in the Waste Management Plan for the disposal and recovery of waste - to form a Joint Committee pursuant to the provisions of Section 19 of the Local Government Act (NI) 1972.

Consequently, the arc21 Joint Committee became a Body Corporate established under the Local Government (Constituting a Joint Committee a Body Corporate) Order (Northern Ireland) 2004 and became the first organisation of its kind in UK Local Government.

arc21's activities are governed by a Collaboration Agreement signed by its constituent Councils in July 2003 which includes a Statement of Principles providing the overarching operating framework. The operations are presided over by a Joint Committee comprising of two elected members from each of arc21's 11 constituent Councils.

The individual elected members of the Joint Committee are bound by the codes of conduct from their own Council. In addition the members are bound by Standing Orders in relation to the regulation of business at the formal Joint Committee meetings.

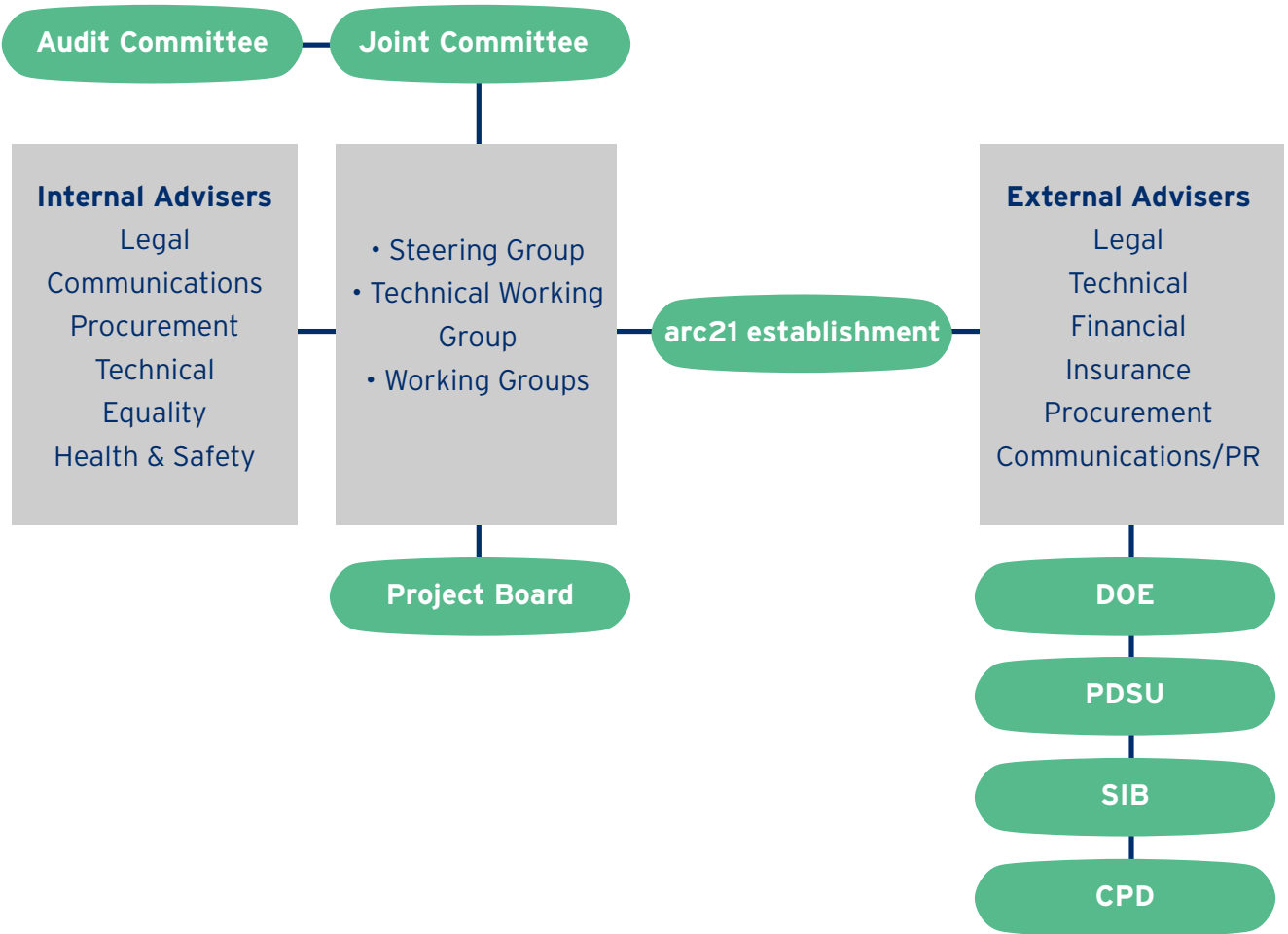




CORPORATE AND GOVERNANCE DEVELOPMENTS 2009/10

1. Governance Structure

arc21 is a sub-regional body which has been in existence for seven years. Its governance and operations structure is detailed below:





2. Joint Committee

At the heart of arc21 is its Joint Committee. Since 2008 Councils have been able to nominate Substitute Members who may attend meetings when the main nominated members are in attendance, but are only eligible to vote in the absence of the nominated member. This has enhanced operational arrangements for the governing body and also widened and strengthened engagement with arc21's constituent Councils.

Full list of Joint Committee members (31 March 2010).

Antrim Borough Council	Alderman Mervyn Rea
Antrim Borough Council	Councillor Oran Keenan
Antrim Borough Council (Substitute)	Councillor Danny Kinahan
Ards Borough Council	Councillor Robin Drysdale
Ards Borough Council	Alderman Robert Gibson
Ards Borough Council (Substitute)	Councillor Jim McBriar
Ballymena Borough Council	Alderman James Alexander
Ballymena Borough Council	Alderman Hubert Nicholl (Chair)
Ballymena Borough Council (Substitute)	Councillor James Currie
Belfast City Council	Councillor Ian Adamson
Belfast City Council	Councillor Pat McCarthy
Belfast City Council (Substitute)	Councillor David Rodway
Belfast City Council (Substitute)	Councillor Chrissie Mhic Giolla Mhin
Carrickfergus Borough Council	Councillor Darin Ferguson
Carrickfergus Borough Council	Alderman Patricia McKinney
Carrickfergus Borough Council (Substitute)	Councillor James Brown
Carrickfergus Borough Council (Substitute)	Councillor Isobel Day



Castlereagh Borough Council	Councillor Jack Beattie
Castlereagh Borough Council	Councillor Gareth Robinson
Castlereagh Borough Council (Substitute)	Councillor Anne Beattie
Castlereagh Borough Council (Substitute)	Councillor Geraldine Rice

Down District Council	Councillor Peter Craig
Down District Council	Councillor Edward Rea
Down District Council (Substitute)	Councillor Peter Fitzpatrick
Down District Council (Substitute)	Councillor Robert Burgess

Larne Borough Council	Councillor Michael Lynch
Larne Borough Council	Councillor Winston Fulton (Vice-Chair)
Larne Borough Council (Substitute)	Councillor John Matthews

Lisburn City Council	Councillor James Tinsley
Lisburn City Council	Alderman Paul Porter
Lisburn City Council (Substitute)	Councillor Betty (Elizabeth) Campbell
Lisburn City Council (Substitute)	Councillor James Dillon

Newtownabbey Borough Council	Councillor Barbara Gilliland
Newtownabbey Borough Council	Councillor Jackie Mann
Newtownabbey Borough Council (Substitute)	Councillor Etta Mann
Newtownabbey Borough Council (Substitute)	Councillor Janet Crilly

North Down Borough Council	Councillor James McKerrow
North Down Borough Council	Councillor Alan Graham

Alderman Hubert Nicholl and Councillor Winston Fulton were re-elected to the posts of Chairman and Vice Chairman respectively, at the arc21 AGM in October 2009.



3. Governance Framework

The organisational structure follows that outlined on page nine with the prime body being the Joint Committee. The Joint Committee meets on a monthly basis to consider various reports presented to it. Each of the 11 constituent Councils sequentially hosted a meeting and minutes of each meeting are posted on arc21's website.

However, at the core of the governance framework is the adoption of a corporate planning process of which this annual report is one element. This process entails four main elements, two forward looking and two which are retrospective:

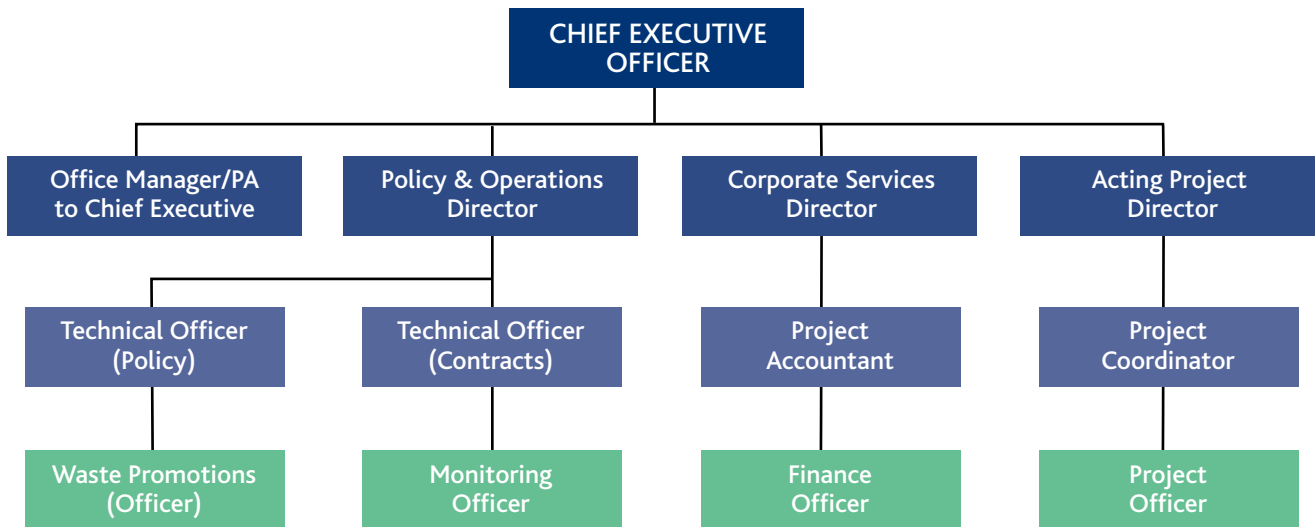
arc21 Corporate Planning Process





4. Establishment Structure and Staff

arc21's structure and posts remained consistent throughout the year:



5. Audit Committee

arc21 has established an Audit Committee with a terms of reference and agreed programme of work. The Audit Committee provides an independent assurance on the adequacy of arc21's risk management framework and associated control environment. It provides an independent scrutiny of the organisation's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment. The Committee also oversees the financial reporting process.

Members of the Audit Committee, who are drawn from member Councils, have received specific audit committee training provided by CIPFA and the Chief Executives' Forum.

A review of the effectiveness of the Audit Committee was completed against CIPFA guidance 'Audit Committees: Practical Guidance for Local Authorities'. In addition, the Audit Committee has taken steps to augment the membership from four to five and is keeping the issue of appointing independent members to the Committee under review.



6. Risk Management

A strategy detailing arc21's overall approach to risk management was developed in line with best practice and approved by the Audit Committee in December 2008. This is reviewed on an annual basis.

Belfast City Council's Audit, Governance and Risk Services continue to facilitate the development of risk management processes throughout the organisation. A risk management framework is embedded throughout the organisation. This includes risks being identified and actively managed at corporate and operational level, and for major projects.

Risk action plans are in place to manage identified risks. The risk register and action plans are reviewed by the management team on an ongoing basis to ensure currency. All risks have been evaluated on the basis of likelihood and impact and have been allocated a 'risk owner'. In addition, all risks related to major contracts/procurement exercises are identified as part of the ongoing project management process within arc21.

During the year Belfast City Council's Audit Governance and Risk Services reviewed the effectiveness of arc21's governance framework against the requirements under the Audit and Accounts Legislation 2006, and against the guidance provided within DoE Circular LG/04/08. This review identified the need to complete:

- an annual review of the effectiveness of the Internal Audit Function
- an annual review of the effectiveness of the Audit Committee

A review of the effectiveness of Internal Audit has been completed against CIPFA best practice standards. This has been reported to the Audit Committee along with an action plan to address the issues raised.





7. Other Governance Issues

arc21 made further progress during 2009/2010 in addressing the need to ensure appropriate segregation of duties within its financial processes through the continued temporary secondment of an additional member of staff in the Corporate Services Department.

The structural review undertaken during 2008/2009, facilitated by the Local Government Staff Commission, identified a new post of Project Accountant which has been approved by the Joint Committee. This new post will be recruited on a permanent basis at an appropriate time.

A Code of Governance was developed during 2009/2010 and was approved at the Audit Committee Meeting in June 2010. The Code is based on the six principles outlined by CIPFA/SOLACE in 'Delivering Good Governance in Local Government: A Framework'. This sets out systems and processes, culture and values, by which the organisation is directed and controlled, and through which it accounts to, engages with and, where appropriate, leads its community.

A Public Interest Disclosure ('Whistleblowing') policy is in place and has been communicated to all staff. The policy is based on the Local Government Staff Commission model. Staff have been made aware of, and are reminded regularly about, the policy.





operational overview



PROGRESS AGAINST CORPORATE PLAN

arc21's Corporate Plan 2009 - 2012 outlines the organisation's vision, mission and values. Published in 2009, it sets out five Strategic Objectives, each with a planned outcome underpinned by 25 prescribed aims and actions.

Annual Associated Business Objectives for each Strategic Objective are established each year within the Corporate Plan framework. A total of 48 Associated Business Objectives were established to cover the period 2009/2010.

Progress against each of these actions is characterised as follows:

- Action Fully Achieved
- Action Partially Achieved
- Action Not Delivered

OBJECTIVE 1

To maintain the Waste Management Plan in compliance with legislative requirements and ensure its implementation contributes to wider policy objectives.

Planned Outcome

A Waste Management Plan that is current, complete and compliant which also delivers measurable and positive benefits to broader policy objectives, e.g., sustainable development, climate change and strategic energy framework.

Aims and Actions for 2009/2012

- 1. Review of the Waste Management Plan and incorporation of amendments, additions and revisions for determination by the Department of the Environment**
- 2. Conduct associated spheres of work relative to any update and review of the Waste Management Plan, e.g., Equality Impact Assessment, Strategic Environmental Assessment etc.**
- 3. Submit relevant Implementation Action Plans to the Department of the Environment, including introduction of new infrastructure and projections**
- 4. Submit relevant Annual Performance Reports to the Department of the Environment, including monitoring review and intervention procedures**



Associated Business Objectives 2009/10

1. Complete and produce a site selection report including methodology and criteria which identifies preferred sites for the potential development of facilities associated with the treatment of residual waste
2. Complete the process for any proposed refinement to the Waste Management Plan pertinent to the residual waste project
3. Produce an Annual Performance Report for submission to the Department of the Environment by July 2009
4. Produce an Implementation Action Plan for submission to the Department of the Environment by September 2009
5. Ensure that quarterly Wastedataflow returns are processed by arc21 within prescribed timeframes
6. Complete and submit responses to relevant consultation papers before closing dates
7. Review, and where appropriate amend, existing harmonised policies, e.g., collection, enforcement etc. by March 2010
8. Continue to produce and disseminate appropriate guidance on applicable best practice to Councils

Commentary

The site selection report was completed early in 2010 and was issued to the remaining participants in the Residual Waste Treatment Procurement in February 2010. However, after reviewing the situation and taking into account a number of factors it was considered prudent not to proceed with refining the Waste Management Plan with regard to potential sites at this stage. Relevant information on sites will be incorporated into a more comprehensive revision of the Waste Management Plan scheduled to commence within the next 18 months.

The Annual Performance Reports and the Implementation Action Plan were both submitted to the Department of the Environment.

A total of 44 quarterly wastedataflow returns were made by arc21 during 2009/2010 of which only four were submitted shortly after the due deadline. Three of these late returns were not submitted by a Council to arc21 until after the due deadline date with the remaining one submitted by the Council to arc21 late in the evening of the due date.

arc21 responded to 13 consultations throughout the year. The subject matter covered all aspects and functions relating to work undertaken by arc21 such as technical and policy issues in the waste and energy fields, planning, procurement and contract vires, governance and financial arrangements. Specific consultations included the Waste Bill, Stage One of the revised Waste Framework Directive Implementation, Reform of the Planning System, Local Government (Contracts) regulations, NIEA Draft Charging policy, and the draft Clean Neighbourhoods & Environment Bill.



During the year, the collection of glass, both at the kerbside and through Bring Sites, was the subject of work by arc21. In addition, the use of liners for kitchen caddies was also the subject of attention by arc21.

A 28-page Good Practice Guide entitled 'Comingled Collection of Dry Recyclables - Minimising Contamination' was produced in December 2009 for Councils as part of an initiative aimed at helping reduce contamination in loads delivered to the Materials Recovery Facility (MRF) operated by arc21's contractor and located in Mallusk.

arc21 representatives were one of the main members of a Local Government working group established to develop a Waste Storage Guide. Development of this 100 page guide continued throughout the year culminating in its official launch by the then Minister of the Environment in September 2010. A copy of the document can be accessed through the arc21 website.



Pictured at the launch of a new Waste Storage Guide are: John Quinn, arc21 Chief Executive, Michael Whitley, Architect representing RSUA, Tim Walker, TAG president, Edwin Poots, then DoE Minister, Sean Gallagher, NILGA Waste Working Group Chairman & Winston Fulton, arc21 Vice Chairman



OBJECTIVE 2

To ensure the provision of infrastructure, services and supplies consistent with the Waste Management Plan and in accordance with the principles of sustainability and best value.

Planned Outcome

The establishment of an integrated network of infrastructure, services and supplies which contribute to the delivery of targets in an equitable and economically advantageous way.

Aims and Actions for 2009-2012:

1. Complete the procurement process for the provision of services to treat residual waste
2. Continue with baseline work in support of delivering the facilities to treat organic and residual waste respectively
3. Continue to work with stakeholders to alleviate barriers and constraints to the development of facilities with emphasis on legal vires, site acquisition and obtaining regulatory permits
4. Continue to work with Local Government, Central Government and other strategic partners to maximise funding support including Central Government subvention
5. Continue to develop relationships with the supply chain in the waste sector





Associated Business Objectives 2009/2010

1. Maintain progress with the procurement of services pertaining to the Residual Waste Treatment Programme (RWTP) with completion of the ISDS stage by December 2009 and Invitation to Submit Final Tender issued by March 2010
2. Maintain progress with various strands of work conducted in parallel to the RWTP procurement process to facilitate timely delivery of facilities, e.g., site selection exercise, assimilation of data to inform Environmental Impact Statements etc
3. Continue to engage with the Department of the Environment, Programme Delivery Support Unit and Strategic Investment Board in support of the RWTP
4. Continue incremental implementation of contractual arrangements for treating organic waste as agreed with constituent Councils and the Contractor
5. Ensure the applications for planning permission for the transfer stations associated with the haulage of organic waste are submitted by October 2009
6. Ensure the application for planning permission for the organic waste treatment facility at Dargan Road, Belfast is submitted by February 2010
7. Continue to manage operational contracts, e.g., Materials Recovery Facility, Landfill, Bring Sites, Organic Treatment etc.
8. Ensure that the financial planning for arc21 is in line with the organisation's objectives
9. Continue with the risk audit regime for all contracts





Commentary

Steady progress on RWTP was maintained throughout 2009/2010. ISOS (Invitations to Submit Outline Solutions) were received in April 2009. The formal invitation to continue in dialogue through to the next stage, ISDS (Invitation to Submit Detailed Submissions), was issued in November 2009 with the closing date for submissions being October 2010 (see page 38 for more detail).

Regular bilateral meetings were individually held with representatives from the Department of the Environment (DoE) and the Programme Delivery Support Unit (PDSU). The Strategic Investment Board (SIB) has also seconded a full-time member of staff to the project through whom regular engagement is facilitated.

The interim arrangements for the treatment of organic waste significantly progressed when the Glenside Road facility became fully operational in July 2009. By 2010, nine Councils were able to deliver organic material, which included food waste, to the contract. The planning application for the transfer stations associated with the haulage of organic waste were both submitted prior to February 2010. The PADS process for the proposed processing facility at Dargan Road commenced during 2009 and progress included consideration of a draft Environmental Impact Assessment .

The core contracts providing services for landfill, MRF and bring site collection continued to be carefully managed with regular inspections of facilities and meetings with the contractors. Council staff, by arrangement, attended the regular meetings with contractors.

The quantity of waste processed through these facilities during 2009/2010 was

Landfill - 334,190 tonnes; 17,330 tonnes less than 2008/2009 (4.9% reduction)

MRF - 38,010 tonnes; 1,997 tonnes less than 2008/2009 (4.9% reduction)

Bring sites - 9,397 tonnes; 8 tonnes more than 2008/2009 (0.1% increase)

A robust analysis of the prevailing market conditions was undertaken by arc21 following which the Joint Committee and constituent Councils agreed to extend the landfill contract until the end of October 2011 (the maximum duration permitted under the existing contract). A similar exercise was conducted for the haulage contract with which was subsequently extended until November 2010.

In general, 2009/2010 proved to be a financially challenging year, but the results reflect a satisfactory position as outlined in the annual Abstract of Accounts (see page 40).

arc21's risk register is regularly reviewed and updated throughout the year in a process facilitated by the services of Belfast City Council's Audit Governance and Risk Services sections which also provides an annual audit review of contract management arrangements.



OBJECTIVE 3

To strengthen arrangements with all stakeholders that contribute to effective and efficient waste management.

Planned Outcome

The delivery of best value through establishing, developing and reinforcing of strategic partnerships and alliances with the public, private and other sectors throughout the UK and beyond.

Aims and Actions for 2009-2012:

1. Continue to provide a central conduit for interaction with Government Departments and agencies on issues of mutual interest
2. Continue to work with other Local Government bodies, e.g., NILGA, SOLACE, TAG & other Waste Management Groups on issues of mutual interest
3. Continue to engage with Non-Government Organisations (NGOs), professional bodies, trade organisations, pressure groups and other similar groups on matters of mutual interest
4. Forge robust relationships with private sector partners, including existing and potential service providers.
5. Participate in forums established to address strategic and policy issues
6. Implement engagement with other strategic bodies in the UK and Europe, e.g., other waste management partnerships





Associated Business Objectives 2009/2010

- 1. Continue to attend and participate in various arc21 Council Officer forums, e.g., Audit Committee, Steering Group, Technical Working Group, Finance Officers Group and Recycling Officers Group
- 2. Continue to ensure the membership of RWTP's Project Board reflects an inclusive approach to delivery of the project and that it meets with sufficient regularity requirement to facilitate appropriate progress with the programme
- 3. Participate in the various national forums associated with the delivery of infrastructure, e.g., Waste Infrastructure Programme Board (WIPB).
- 4. Participate in existing or newly established forums associated with the implementation of the Northern Ireland Waste Management Strategy, e.g., Strategic Waste Board, Waste Programme Steering Group and Learning & Communication Forum.
- 5. Continue to interact with the Joint Committee, NI Executive Ministers, MEPs, MPs, MLAs and Councillors in pursuance of arc21 objectives
- 6. Continue to interact with Government institutions including Committees and Departments in pursuance of arc21 objectives
- 7. Establish a cycle of regular meetings with regulators and Government sponsored organisations, e.g., NIEA and WRAP
- 8. Contribute to the strengthening of Local Government through continuing engagement with NILGA
- 9. Contribute to the implementation process associated with the Review of Public Administration, including engagement with Transition Committees and other stakeholders
- 10. Continue with the regular cycle of meetings with service providers to identify and explore developments relating to contracts, including management and administration
- 11. Review internal procedures and implement any appropriate changes to ensure invoices from suppliers and to customers are processed in line with best practice



Commentary

arc21 continued to facilitate various officer group meetings throughout the year; the Steering Group, Technical Working Group and Recycling Officers Group met on a monthly basis while the Audit Committee and the Finance Officers met on a quarterly basis.

The Joint Committee met on 12 occasions throughout the year with each Council hosting a meeting.

The Residential Waste Treatment Project Board maintained its core membership of arc21 staff, specialist advisers and representatives from various Central Government bodies, e.g., DoE, PDSU, SIB and Department of Finance & Personnel. The Project Board met on nine occasions throughout the year.

arc21 representatives attended all the meetings of the Strategic Waste Board, Waste Infrastructure Programme Board and the Waste Programme Steering Group held during the year. Following a DoE audit of the Waste Management Infrastructure Programme, changes were made to the governance structure, resulting in a more streamlined approach being adopted which included the dissolution of the Waste Programme Steering Group. A new Waste Steering Group was formed which included arc21 membership.

A Planning sub group was formed to specifically consider planning in respect of new waste infrastructure and arc21 representatives attended all meetings.

Due to resource constraints experienced by the DoE, various subject-focussed forums, e.g., Learning and Communication Forum, Waste Prevention Forum, Market Development Forum, met infrequently throughout the year. arc21, however, continued to attend and actively participate in the meetings.

In addition to the routine contact with all tiers of elected members throughout the year, arc21 also undertook a series of individual briefings with numerous politicians and political parties during the spring/summer of 2009 with particular emphasis on progress on RWTP.

arc21 representatives also appeared before the Assembly Environment Committee on two occasions during the year, in April and September 2009.

arc21 continued to work closely with NILGA, particularly through membership of the Waste Working Group and Planning Group. arc21 also assisted NILGA formulate its response to various consultation papers.

Throughout the year, arc21 contributed to the Review of Public Administration implementation process, primarily via SOLACE and NILGA.

Regular meetings were held with service providers throughout the year to address any operational or administrative issues, and to seek to identify any improvements that could be made to arrangements. Two significant changes were identified and implemented during the year. First, a transition from a colour separated regime for glass at bottle banks to a mixed-colour collection regime at over 200 sites throughout the arc21 area and, secondly, no longer directly landfilling reject material from the MRF. Instead it is now subject to a process which enables the vast majority of the material to be recovered; only a very small percentage of the material now requires to be landfilled.

Improvements introduced during the year to the invoicing process included a more robust payment authorisation procedure and also enabling quicker payment to goods suppliers through the introduction of an amended process in relation to "Proof of Delivery" notes.



OBJECTIVE 4

To promote, communicate and provide advice on waste reduction, recycling and recovery measures both directly and in partnership with others.

Planned Outcome

A discernable increase in awareness of the various strands of technical solutions allied to evidence of attitudinal and behavioural change with respect to the establishment of infrastructure and application of measures during the implementation of the Waste Management Plan.

Aims and Actions for 2009-2010

1. Provision of central interface with DoE and associated agencies on strategic education and awareness issues
2. Focus on activities associated with RWTP
3. Provision of central resources with regard to strategic education and awareness initiatives, including the signposting facilities to other sources of information for constituent Councils
4. Participation in regional and sub-regional initiatives in conjunction with partners
5. Continue to provide a mobile education vehicle service and ensure equitable access to constituent Councils





Actions For The Period 2009/2010

1. Maintain, update and implement the RWTP Communications Strategy to take account of prevailing circumstances during the year
2. Continue with the publication of arc21's magazine, 'Wasteline', with at least three editions produced throughout the year
3. Maintain and develop arc21's website to ensure its contents are timely, accurate and easily accessed
4. Seek appropriate opportunities for media coverage of pertinent issues throughout the year
5. Respond to all media enquires in a timely and appropriate manner
6. Seek appropriate opportunities to speak at conferences, seminars and workshops
7. Continue with the operation of the education vehicle and ensure it is fully utilised by constituent Councils at appropriate venues and events, e.g., schools, shopping centres, regional exhibitions/shows etc
8. Continue to encourage the use of the design guidelines in relevant promotional and education/awareness material
9. Develop opportunities to deliver appropriate promotional and educational/awareness activities in conjunction with service providers
10. Participate in any national communication framework established by DoE





Commentary

The main communication activities throughout the year were devised around RWTP. The principles behind the strategy remained the same throughout the year, recognising the commercial reality and sensitivity required in a complex procurement exercise of this nature. The focus of communications activity remained on the procurement process and improving general understanding of the potential technologies sought. arc21 also sought to reinforce the '3Rs' message and set RWTP in the context of a wider initiative to encourage more sustainable waste practices.

Two editions of arc21's 'Wasteline' magazine were produced during the year and the format and content proved to be very popular.

arc21's website was revamped and refreshed in the early part of 2009 and during the year the news section was regularly updated as were the pages dealing with RWTP. The website also provides access to the latest Joint Committee minutes and other corporate publications.

arc21 staff featured regularly throughout the year in all forms of the local media i.e. newspapers, radio and TV. In addition, some more specialised publications also published articles pertaining to the work of arc21, e.g., Business First, Equip, Public Service Review and PPP Journal.

arc21 accepted invitations to speak at a number of conferences throughout the UK during 2009/2010, including APSE in Blackpool (June 2009), SMI in London (October 2009) and CIWM/ICE in Belfast (February 2010). In November 2009 arc21 also presented at the Irish PPP Policy Forum conference in Dublin.

The mobile education vehicle continued to be very popular and visited over 400 locations throughout the arc21 area. All of arc21's Councils made use of the vehicle at schools, shopping centres and community facilities, as well as ad hoc events such as the Green Living Fair and Ballymena Show. The vehicle also appeared at the Balmoral Show in May 2009.

Use of the design guidelines was reinforced in the arc21 guidance document for Councils produced as part of an initiative to address contamination in the comingled collection of dry recyclables.

The change to a mixed-glass, colour collection regime at bottle banks presented an excellent case study of partnership working on communications issues with service providers. This included the production of bottle bank stickers and the issuing of a joint press release.

Unfortunately due to budgetary constraints, it was not possible to establish a meaningful Northern Ireland-wide framework. arc21, Northern Ireland's other two waste management groups and the DoE did successfully collaborate, however, on the 'Youthspeak' schools competition. The finals of the competition were held in Lisburn during May 2009.



OBJECTIVE 5

To build the capacity of arc21 and its Member Councils as the foundation and platform for continuous improvement.

Planned Outcome

To ensure that Elected Members, staff and Council Officers have sufficient knowledge and adequate resources to enable improvement in performance on a continuous basis.

Aims and Actions for 2009-2012

1. Ensure that arc21's staff structure and complement is suitable to meet the organisation's requirements and targets
2. Ensure that arc21 staff continue to develop skills, knowledge and competency to meet the ongoing needs of their job and anticipated changes
3. Ensure that Elected Members and Council Officers are kept apprised of issues relevant to the remit of arc21
4. Submit collective responses to consultation documents as appropriate
5. Continue to develop and implement a range of Key Performance Indicators to drive continuous improvement





Associated Business Objectives 2009/10

1. Undertake and complete the structural review of arc21's staff establishment and implement any agreed changes
2. Conduct a review of the means of engaging with all arc21 Elected Members and Chief Executives by July 2009 and implement any agreed recommendations
3. Undertake appropriate activities aimed at building the capacity of the Joint Committee, Audit Committee and other Elected Members including special dedicated sessions and inviting relevant guest speakers to meetings
4. Aspire to operate to a standard consistent with that necessary for Centre of Procurement Expertise accreditation
5. Undertake and complete the annual staff performance and appraisal scheme, and personal development programme by September 2009
6. Encourage membership of relevant professional institutions within the staff complement
7. Continue with the regular cycle of staff meetings throughout the year
8. Ensure attendance by staff and Joint Committee Members at appropriately identified seminars, conferences, exhibitions and workshops
9. Develop a Business Continuity Plan by October 2009
10. Develop associated business objectives for all Strategic Objectives to cover the period 2010/2011 by March 2010





Commentary

The structural review of arc21's establishment was completed and agreed changes implemented following the agreement of the Joint Committee in December 2009.

A review of the internal engagement methods was conducted, including input from Elected Members, and Senior Council Officers. Following this review, all Councils were visited by arc21 staff and update reports presented to the relevant committees, an annual Chief Executives briefing session was organised and a monthly bulletin is e-mailed to all arc21 Chief Executives prior to Joint Committee meetings.

The Joint Committee met on twelve occasions to consider reports submitted by arc21 in connection with its activities.

The Steering Group met on thirteen occasions to discuss strategic and technical issues associated with arc21 related activities.

The Audit Committee met on four occasions to progress its programme of work.

Activities undertaken to build capacity during the year included organised visits to landfills, a glass colour separating plant and a MRF. Expert speakers drawn from professional specialist advisers also addressed various arc21 meetings with particular reference to RWTP.

An independent assessment of arc21's procurement and contract management activities was conducted by PWC with regard to the necessary standard required to obtain Centre of Procurement Expertise (COPE). The resultant score produced in February 2010 clearly demonstrated arc21 was operating above the standard necessary to achieve COPE accreditation.

The associated staff performance and development scheme was completed during 2009/2010 with a small number of appraisals and reviews conducted slightly after the target date.

arc21 staff retain membership of varying levels within the following professional institutions: Chartered Institution of Wastes Management (CIWM); Institution of Civil Engineers (ICE); Society for the Environment (SOE); Chartered Institution of Water and Environmental Management (CIWEM); Society of Procurement Officers (SOPO); Chartered Institute of Purchasing and Supply (CIPS); Accountant Technicians Ireland (ATI); Institute of Professional Assistants (IPA); and Chartered Institute of Management Accountants (CIMA).

In addition to the conferences and seminars which included arc21 speakers, arc21 representatives attended a restricted number of waste industry events such as that organised by CIWM.

An 18-page Business Continuity Plan was produced during 2009/2010 and will be the subject of a test exercise during 2010/11.

A total of 56 associated business objectives were developed to cover the period 2010/2011.



OPERATING STATISTICS

2009/2010 was a milestone year for arc21 with two key strategic targets:

1. UK compliance with the EC Landfill Directive (1999/31/EC) - diversion of Biodegradable Municipal Waste (BMW) from Landfill. arc21's target was to ensure that no more than 251,882 of BMW would be landfilled
2. Northern Ireland's Waste Management Strategy, 'Towards Resource Management', which set a target of recycling 35% of household waste

arc21 is pleased to report that it successfully achieved each of these targets and continues to meet the key aims of the arc21 Waste Management Plan:

- To meet strategic targets (set by the EU, UK and Northern Ireland Administrations) for the reduction and recovery of waste
- Provide and maintain sufficient disposal capacity to deal with waste produced in the arc21 region

Although the weak economic climate has influenced the amount of waste produced, the efforts of arc21 and its constituent Councils in contributing to a general reduction in waste, allied to further increases in the recycling rates, should not be underestimated.

Waste Management Performance

The main indicators of waste management performance are as follows:

1. Compliance with the Northern Ireland Landfill Allowance Scheme (NILAS)
2. Household Recycling Rate
3. Average waste per household and per capita

1. Compliance with the Northern Ireland Landfill Allowance Scheme (NILAS)

This measures compliance against statutory targets for landfilling BMW based on the EC Landfill Directive (1999/31/EC). It entails annual targets which decrease every year until 2020. This is the fifth year the scheme has been in operation; arc21 has met its target each year.

One of the benefits of arc21 is that it allows its constituent Councils to adopt a collective approach. As a result, arc21 was able to facilitate the transfer of a proportionate amount of excess allowances from each of the other ten arc21 constituent Councils to enable Belfast City Council to discharge its legal obligation.



Individual Council Performance (after transfers)

Council	2009/10 Allocation	Allowance Utilised	% of Utilised Allowance
Antrim Borough Council	13,500	13,073	67.2%
Ards Borough Council	20,645	15,352	74.4%
Ballymena Borough Council	16,260	12,894	79.9%
Belfast City Council	73,557	73,552	100%
Carrickfergus Borough Council	10,626	9,154	86.1%
Castlereagh Borough Council	17,857	10,793	60.4%
Down District Council	18,231	15,460	84.4%
Larne Borough Council	8,384	7,381	88.0%
Lisburn City Council	30,007	21,236	70.8%
Newtownabbey Borough Council	21,894	17,833	81.5%
North Down Borough Council	20,921	15,758	75.3%

Combined arc21 Performance

arc21	Allowance in scheme year	Allowance Utilised	% of Utilised Allowance
2005/06	380,427	316,732	83.2%
2006/07	353,773	295,624	83.6%
2007/08	345,244	280,735	81.3%
2008/09	336,761	261,721	77.7%
2009/10	251,882	208,486	82.8%





2. Average Waste per Household

A measurement of the amount of household waste which is recycled and composted. 2010 was the eighth year in succession that the rate has increased.

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Antrim	19.1%	22.4%	38.4%	44.0%	47.1%	48.7%	48.3%	47.5%
Ards	9.6%	9.0%	20.4%	24.0%	25.5%	27.6%	33.9%	40.2%
Ballymena	21.0%	18.0%	23.4%	26.9%	28.2%	26.5%	36.2%	33.3%
Belfast	4.0%	4.6%	8.9%	14.4%	19.0%	23.2%	26.3%	26.6%
Carrickfergus	8.2%	10.5%	17.2%	17.4%	21.9%	33.2%	32.9%	34.2%
Castlereagh	5.0%	12.1%	22.2%	32.5%	34.9%	37.7%	38.1%	37.6%
Down	13.5%	13.3%	19.2%	33.7%	32.2%	31.6%	32.6%	32.5%
Larne	6.0%	9.6%	16.5%	25.0%	31.6%	37.4%	40.5%	41.1%
Lisburn	9.0%	9.2%	12.2%	19.8%	25.1%	31.9%	33.1%	37.0%
Newtownabbey	16.5%	17.0%	19.9%	22.5%	24.8%	30.3%	35.0%	37.3%
North Down	11.1%	12.6%	17.2%	24.6%	33.0%	38.1%	40.4%	41.8%

Combined arc21 Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
All arc21	9.7%	10.6%	16.7%	22.9%	26.8%	30.9%	33.9%	35.0%





3. Average Waste per Household and per Capita

A measurement of the amount of household waste produced per capita. This has decreased significantly since 2002.

Per Household (tonnes) Individual Council Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Antrim	1.540	1.205	1.578	1.630	1.655	1.742	1.595	1.492
Ards	1.494	1.456	1.530	1.465	1.419	1.389	1.269	1.235
Ballymena	1.368	1.447	1.487	1.551	1.487	1.333	1.306	1.273
Belfast	1.215	1.202	1.237	1.268	1.203	1.163	1.045	1.028
Carrickfergus	1.564	1.379	1.355	1.422	1.347	1.286	1.212	1.215
Castlereagh	1.266	1.190	1.078	1.186	1.130	1.113	1.059	1.040
Down	1.411	1.536	1.209	1.155	1.169	1.158	1.162	1.163
Larne	1.328	1.219	1.348	1.493	1.371	1.293	1.214	1.214
Lisburn	1.584	1.576	1.476	1.387	1.325	1.280	1.190	1.175
Newtownabbey	1.403	1.384	1.267	1.397	1.407	1.352	1.302	1.215
North Down	1.405	1.376	1.422	1.404	1.401	1.393	1.195	1.147

Combined arc21 Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
All arc21	1.370	1.339	1.333	1.356	1.313	1.275	1.180	1.150





Per Capita (Kilogrammes) Individual Council Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Antrim	552.1	436.9	585.7	616.8	635.4	664.1	607.6	567.0
Ards	595.7	589.3	631.1	612.1	598.5	589.4	541.7	530.1
Ballymena	520.9	557.9	580.8	609.5	586.6	526.4	516.8	506.5
Belfast	510.6	514.1	544.6	570.8	547.6	539.5	485.8	482.4
Carrickfergus	616.4	547.0	539.8	568.9	542.3	517.0	488.9	491.2
Castlereagh	514.8	489.6	448.7	498.9	482.0	479.9	453.6	445.9
Down	511.7	571.1	452.1	438.0	449.6	450.7	452.9	455.4
Larne	542.2	506.5	572.7	640.5	601.1	571.5	541.2	545.4
Lisburn	588.4	596.7	576.2	548.8	529.6	524.6	486.7	476.9
Newtownabbey	557.9	559.1	524.2	583.3	592.0	572.9	547.5	520.4
North Down	575.4	570.2	598.2	592.7	597.2	598.1	516.1	495.7

Combined arc21 Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
All arc21	544.8	540.7	549.9	567.0	554.8	545.1	504.6	493.5

OPERATIONAL INDICATORS

In 2008/2009 arc21 developed a series of Key Performance Indicators (KPIs) to help drive continuous improvement throughout the organisation. Figures from 2009/10 have been used to test the systems introduced to collate the required data and set an initial benchmark.

The KPIs were developed across four operational activities:

1. Customer
2. Finance
3. Process / Contracts
4. People



The results are as follows:

Activity	Key Performance Indicator	Actual 09/10
Customer	<ul style="list-style-type: none"> • Overall level of satisfaction of member Councils with services provided by arc21 & arc21 contractors 'good' or 'very good' • % of complaints (about arc21) investigated and resolved within 3 days 	<ul style="list-style-type: none"> • 90% • No complaints received
Finance	<ul style="list-style-type: none"> • Establishment costs per tonne / total tonnes of waste delivered to arc21 contractors • Aggregate cost per tonne of total tonnes of waste delivered to arc21 contractors • Establishment costs per tonne / aggregate cost per tonne of waste delivered • Ratio of operating costs to turnover • Budget Performance • % invoices paid within 30 days of receipt 	<ul style="list-style-type: none"> • £1.22/T • £45.28/T • 2.69% • 2.26% • 98% • 77%
Process / Contracts	<ul style="list-style-type: none"> • Adherence to contract conditions and performance requirements • % complaints regarding level of service resolved within 72 hours • % tender invitations which result in three or more submissions • % procurements successfully delivered 	<ul style="list-style-type: none"> • 93.5% • 83% • 100% • 100%
People	<ul style="list-style-type: none"> • % staff completed training as specified in Personal Development Plans (PDPs) • % staff who receive appraisal and review by target date • Average number of days arc21 staff are absent from work per annum 	<ul style="list-style-type: none"> • 100% • 85% • 2.12



RESIDUAL WASTE TREATMENT PROJECT

Background

The Residual Waste Treatment Project (RWTP) is one of the largest public procurement processes ever undertaken in Northern Ireland. With an estimated lifetime value in excess of £1bn, the project reflects the requirements set out in arc21's Waste Management Plan to establish new waste infrastructure to process waste which isn't physically or practically possible to recycle.

In common with best practice across Europe, arc21 has adopted an approach which, first, encourages the '3Rs' of 'Reduce, Reuse and Recycle' (our aim is to boost recycling / composting rates to at least 50% by 2020) and, secondly, adopts Energy Recovery technology to turn the remaining waste into renewable electricity and heat for domestic or commercial/industrial application.

The solution outlined in the Waste Management Plan determines the utilisation of two generic technologies:

- 1) Mechanical Biological Treatment (MBT) - a process which extracts recyclable material which has inadvertently been disposed of as black bin waste and pre-treats the remaining material for Energy Recovery
- 2) Energy from Waste (EfW) - a tried and tested, clean Energy Recovery technology that converts waste into heat and electricity.

The Waste Management Plan clearly indicates that the definitive elements of the project will be subject to the outcome of a Business Case and Procurement Process which may have an effect on the detail, e.g., waste flows, relative capacities, contract bundling and proprietary technologies.

Going into 2009/10 the Outline Business Case had been submitted to, and approved by the Department of the Environment and the competitive dialogue procurement process had commenced with six consortia invited to submit Outline Solution Submissions in the spring of 2009.

arc21 was also in the process of conducting a land assembly exercise to secure sites that would be made available to the remaining consortia at the next phase of the procurement process, i.e., the submission of detailed solutions. The remaining consortia, should they wish, may include them as part of their submissions at this next phase.



Developments during 2009/2010

The Outline Solutions Submissions from all six consortia were received in April 2009 and were duly processed in a manner consistent with the evaluation protocol developed for the project. Following completion of this process, three consortia were invited to the next phase of the procurement - Invitation to Submit Detailed Solutions (ISDS).

Prior to the formal launch of the ISDS phase, the three consortia attended a pre-launch presentation by arc21 in October 2009 which was followed by dedicated sessions with each of the consortia representatives.

The formal launch of the ISDS phase took place in November 2009 and this was followed by a liaison meeting with the three bidders in December 2010.

However, prior to the commencement of ISDS dialogue, one of the consortia withdrew from the competition for commercial reasons, leaving the two remaining consortia to participate in the ISDS stage. The closing date for receipt of ISDS submissions was October 2010.

During the early summer of 2009, Belfast City Council decided to offer part of the North Foreshore site for the use of MBT. This followed public consultation with their ratepayers which revealed that 93% of respondents supported making the land available for either an MBT or EfW facility.

The land assembly exercise was duly completed and the relevant details issued to the consortia in February 2010.

Significant investment was made throughout 2009/10 in communications, with an emphasis on raising awareness about the technologies under consideration and updating progress on the procurement process. This entailed engagement with various stakeholders including politicians and political parties, businesses, professional representative bodies, NGOs, media, residents' groups and community groups.

Throughout the year a series of capacity-building sessions were held for Council Officers and Elected Members in regard to progress with the project.

Discussions were also held throughout the year with the various regulatory authorities, including the Planning Service, to ensure the proper procedures will be followed at the appropriate juncture and to assist the authorities with planning their programme of work.

Preliminary contact was made with the European Investment Bank (EIB) with regard to the project. These exploratory talks proved constructive and, as an indication of their interest in the project, EIB agreed to further contact during 2010/11.



financial report



Developments During 2009/10

Once again, arc21's turnover continued to grow strongly:

YEAR	TURNOVER
2004/05	£425,000
2005/06	£2.4m
2006/07	£9.9m
2007/08	23.5m
2008/09	27.1m
2009/10	31.2m

This growth was due to significant developments in contracting waste facilities, the increase in the Landfill Tax escalator and latterly, the stepped increase in procurement activity for the Residual Waste Treatment Project.

Income for the year was £31,235,429 compared to £27,122,893 in 2008/09, an increase of 15%. The expenditure for the same period was £30,942,314 compared to £27,030,535 in 2008/09, resulting in a surplus of £293,115 for the year to March 2010.

In addition, the sum of £1,653 was incurred funding capital expenditure with the acquisition of computer equipment during the year.

After taking into account the charge for depreciation on fixed assets, there was a net increase to the General Reserves of £306,267 for the year bringing the cumulative reserves at 31 March 2010 to £898,020, or 2.9% of annual turnover.

All four major waste contracts, Landfill, Materials Recovery Facility, Organic Waste Treatment and Bring Service, performed satisfactorily during the year, representing £27,343,711, or 87% of the total income for the year.

An important financial benefit to participant Councils of the Materials Recovery Facility (MRF) contract is the income earned from the sale of the materials which is shared on a 50/50 basis with arc21.

As reported last year, the markets for mixed dry recyclate materials declined significantly, but encouragingly the market gradually recovered during 2009/10. Over the 12 months the selling prices earned by Bryson Recycling (operators of the MRF) rose steadily from a level of £48 per tonne up to £88 per tonne, resulting in an overall annual average value per tonne payable to arc21 of £35.

A key contributing factor to the higher prices received by Bryson Recycling for the materials has been the successful completion of a capital investment programme to upgrade the facility and enable better quality materials to be provided to the market. This capital investment programme is a joint venture between arc21 and Bryson Recycling. Costing c.£960,000 it has proved to be invaluable, as borne out by the market prices achieved in what is still a challenging market.

The capital investment programme started in November 2006 and was completed in four phases in May 2009. The plant upgrade has strengthened the market position of Bryson Recycling by enabling them to produce better quality materials from which higher revenues can be earned. Clearly the investment programme has directly benefited arc21's participant Councils, as demonstrated by the levels of revenue share received.



In accordance with Government policy, the Landfill Tax Escalator continues to rise at a rate of £8 per tonne per annum resulting in an additional charge from the landfill operators to arc21 of c.£2.5 million, which is then passed on to participant Councils. The landfill tax rate for 2009/2010 was £40 per tonne.

This cost has a significant financial impact on Councils and the Landfill Tax Escalator provides a strong economic incentive for landfill diversion. Substantial savings are generated to participant Councils through diversion to the MRF, Bring Service and Organic Waste contracts. In 2009/2010 just over 110,000 tonnes of materials were delivered to these three contracts resulting in a saving on Landfill Tax of c.£4.4m.

The level of funding required for developing new waste facilities for treating residual waste has been recognised by Central Government as being beyond the means of Local Government. Consequently, during the year arc21 continued to receive valuable financial support from the Department, totalling £1.07m (£820K in 2008/09).

arc21 would like to formally acknowledge the support from the Department of the Environment, the Programme Delivery Support Unit, the Strategic Investment Board and the Department of Finance and Personnel which is critical to the successful delivery of the Residual Waste Treatment Project.

Looking ahead, funding support will continue to bring its own challenges given the current constraints on public sector finances and arc21 will continue to work closely with Central Government to maximise the level of funding support required.

arc21's range of insurance policies was supplemented during the year with the incorporation of Commercial Legal Protection Insurance. This policy primarily provides cover to the organisation for legal costs incurred in instigating legal action or the legal costs incurred in defending a legal challenge. This is considered to be a prudent measure due to the prevailing litigious climate.

In terms of processing invoices, the average number of days taken to pay trade creditors during the financial year to March 2010 was calculated at 31.3 days. During the year, arc21 paid in the region of 1,200 invoices with a total value of over £30m (excluding VAT).

In conclusion, 2009/2010 was a particularly challenging one, but the financial results reflect an overall satisfactory position for arc21. Once again the cash position remained strong throughout the year and arc21 has been able to increase the level of its reserves at the end of the year, leaving the organisation in a better position to meet the obvious financial challenges ahead in the sector.

A full copy of the Abstract of Accounts, the financial report for the year ended 31 March 2010 can be accessed through the arc21 website: www.arc21.org.uk



Local Government Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF arc21

I have audited the statement of accounts of arc21 for the year ended 31 March 2010 under the Local Government (Northern Ireland) Order 2005. The statement of accounts comprises the Income and Expenditure Account, Statement of Movement on District Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement. The statement of accounts has been prepared under the accounting policies set out within them.

This report is made solely to the Members of arc21 in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.

Respective Responsibilities of the Chief Financial Officer and the Independent Auditor

As explained more fully in the Statement of the Joint Committee's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the statement of accounts and for being satisfied that it gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. My responsibility is to audit the statement of accounts in accordance with applicable law, the Local Government Code of Audit Practice issued by the Chief Local Government Auditor and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Statement of Accounts

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the statement of accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to arc21's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by arc21; and the overall presentation of the statement of accounts.

Opinion

In my opinion the statement of accounts gives a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, the financial position of arc21 as at 31 March 2010 and its income and expenditure for the year then ended.



Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion the Annual Governance statement:

- does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009
- does not comply with proper practices specified by the Department of the Environment
- is misleading or inconsistent with other information I am aware of from my audit: or
- adequate accounting records have not been kept; or
- the statement of accounts is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

Certificate

I certify that I have completed the audit of the accounts of arc21 in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.



Income and Expenditure for the Year to 31 March 2010

INCOME:	2009/10	2008/09
	£	£
Participating Councils	690,008	669,500
Government Grant	1,074,533	820,390
Bank Interest	14,311	102,699
Contract Income :		
Landfill Service	21,928,678	20,395,863
Materials Recovery Facility- MRF	1,593,262	1,638,180
MRF Revenue Share	1,207,487	1,230,635
Organic Waste Treatment	2,406,416	172,266
Bring Service	207,869	216,452
Supply of Bins and Bring Banks	444,191	721,952
Other Contract Income	1,659,999	1,150,845
Other Income	8,675	4,111
TOTAL INCOME	31,235,429	27,122,893
EXPENDITURE:		
Employee Costs	411,211	453,585
Bank Interest	377	-558
Other Operating Costs	1,331,632	1,358,851
Contract Expenditure :		
Landfill Service	21,679,870	20,112,388
Materials Recovery Facility- MRF	1,593,262	1,638,180
MRF Revenue Share	1,207,487	1,230,635
Organic Waste Treatment	2,406,416	172,266
Bring Service	207,869	216,452
Supply of Bins and Bring Banks	444,191	721,952
Other Contract Costs	1,659,998	1,126,783
Other Costs	1	1
TOTAL EXPENDITURE	30,942,314	27,030,535
SURPLUS (DEFICIT) FOR THE YEAR	293,115	92,358

Statement of Movement on the General Reserves
Balance for the Year Ended 31 March 2009

	2008/09	2007/08
	£	£
Surplus for the year on the Income and Expenditure Account	293,115	92,358
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Reserves		
Balance for the year	13,152	65,626
Movement on the General Reserves		
Balance for the year	306,267	23,732
Balance Brought Forward	22591,753	565,021
Balance Carried Forward	898,020	591,753

Balance Sheet as at 31 March 2010

	2009/10 £	2008/09 £
FIXED ASSETS		
Tangible Fixed Assets		
Operational Assets:		
Land & Buildings	0	0
Infrastructure Assets	0	0
Vehicles, Plant, Furniture and Equipment	58,019	7,100
Non-Operational Assets:		
Investment Properties		0
Assets under Construction	0	
Surplus Assets held for Disposal	0	0
TOTAL FIXED ASSETS	858,019	72,726
Long Term Investments	0	0
Long Term Debtors	0	0
TOTAL LONG TERM ASSETS	58,019	72,726
CURRENT ASSETS		
Stocks	0	0
Debtors	2,652,475	2,951,543
Short Term Investments	2,848,039	2,709,329
Cash and Bank	2,627	4,460
	5,503,141	5,665,332
CURRENT LIABILITIES		
Borrowing repayable on demand or within 12 months	0	0
Creditors	4,605,121	5,073,579
Bank Overdraft	0	0
	4,605,121	5,073,579
TOTAL ASSETS LESS CURRENT LIABILITIES	956,039	664,479
LONG TERM LIABILITIES		
Borrowing repayable within a period in excess of 12 months	0	0
Deferred Liabilities	0	
Government Grants - deferred	0	0
Provisions	0	0
NET ASSETS	956,039	664,479
RESERVES:		
Capital Adjustment Account	58,019	72,726
Financial Instruments Adjustment Account	0	0
Revaluation Reserve	0	0
Available-for-sale Financial Instruments Reserve	0	0
Pensions Reserve	0	0
Capital Receipts Reserve	0	0
Capital Fund	0	0
Renewal and Repairs Fund	0	0
Other Balances and Reserves	0	0
General Reserves	591,753	565,021
Net Worth	956,039	664,479



Walsh House, Fortwilliam Business Park, 35 Dargan Road, Duncrue Industrial Estate Belfast BT3 9LZ

T: 028 9072 6333 **F:** 028 9072 6332 **E:** info@arc21.org.uk **W:** www.arc21.org.uk

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