arc21

2023-24

Statement of Accounts

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Narrative Report

Introduction

The Joint Committee's financial performance for the year ended 31 March 2024 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and the Department for Communities Accounts Direction, Circular LG 01/24 dated 16 January 2024. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Joint Committee.

This Statement of Accounts explains the Joint Committee's finances during the financial year 2023/24 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

Group Accounts

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Joint Committee does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

The Movement in Reserves Statement

This Statement, as set out on page 34 shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The "Surplus/(Deficit) on the Provision of Services" line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The 'Net Increase/(Decrease) before Transfers to Earmarked Reserves' line shows the Comprehensive Income and Expenditure Statement Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Joint Committee.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 35, shows the income earned and expenditure incurred during the year by the Joint Committee in accordance with generally accepted accounting practices.

The Balance Sheet

The Balance Sheet, as set out on page 36, shows the value, as at 31 March 2024, of the Joint Committee's assets and liabilities. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Joint Committee is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

The Net Worth of the Joint Committee, at 31 March 2024, remains in a positive position which has been aided by the Pension Reserve moving from a liability to an asset. The Joint Committee, in accordance with the International Financial Reporting Standards, is required to report the financial position of the pension scheme in the annual statutory accounts.

The Pension had been running as a liability for many years, but this has now reversed over the last two years and is showing as an asset of £103k at year-end (£78k asset in 22/23). The pension scheme is managed independently of arc21 by the Northern Ireland Local Government Superannuation Committee (NILGOSC) which has a financial strategy designed to manage surpluses and deficits on an ongoing basis. Financial reports are produced regularly and contribution rates (both employer and employee) are adjusted to ensure that, over time, the level of assets available should be sufficient to meet the liabilities of the scheme.

The statutory commitment of the Joint Committee is to ensure that the contribution rates determined by the Department for Communities are paid to NILGOSC and the Joint Committee has fully complied with its requirements in this regard.

From a practical point of view, the level of General Reserves is a better reflection of the financial strength of the Joint Committee. The level of General Reserves has reduced to £774,103 at 31 March 2024 (£985,794 at 31 March 2023). This reduction is largely explained by the continuation in the year of policy of returning reserves (£170k) back to the participant councils. The General Reserves also contains some elements of funding for expenditure on activities which have been delayed and therefore this underspend is earmarked to be incurred when those activities start. It is extremely important to maintain a sufficient and appropriate level of reserves in order for arc21 to be able to effectively service the participant councils, especially in relation to future procurement activities.

The Cash Flow Statement

The Cash Flow Statement, as set out on page 37, shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of grant income and Council contributions, or from the recipients of services provided by the Joint Committee. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Joint Committee.

Performance Report

Background

arc21 was initially incorporated as a body corporate, pursuant to Section 19 of the Local Government Act (NI) 1972, on 13 February 2004.

In accordance with the Local Government Reform process the Shadow Councils agreed to continue with the waste management services provided by arc21 and this required the Joint Committee to be reconstituted. Accordingly, new Terms of Agreement were drawn up and approved by the Shadow Councils and the Department of the Environment introduced The Local Government (Constituting a Joint Committee a Body Corporate) Order (Northern Ireland) 2015 which became effective on 1 April 2015 in order to provide the new organisation with the powers to operate.

The six Partner Councils of the newly constituted Joint Committee are as follows:

Antrim and Newtownabbey Borough Council
Ards and North Down Borough Council
Belfast City Council
Lisburn & Castlereagh City Council
Mid & East Antrim Borough Council
Newry, Mourne and Down District Council

Financial Information

The organisation recorded an increase in income, year on year. The income for the year was £43.8m compared to £35.6m in 2022/23, i.e. an increase of £8.2m (18.8%).

An actuarial gain on the pension assets/liabilities of £37,000 was recorded (£839,000 gain in 22/23). There were no additions or disposals of fixed assets in the year. Overall, a deficit of £223,690 (£508,733 deficit in 2022/23) was recorded on the provision of services to Participant Councils. After taking into account charges in relation to pension funding, an operational deficit of £211,691 was transferred out of the General Reserves at 31 March 2024 decreasing them from £985,794 to £774,103. This decrease was broadly due to the continuation of policy to reduce reserves by returning funds back to our Participant Councils, £170k returned in year. This level of General Reserves is required by the Joint Committee in order to deal with emergency situations as well as the challenges involved in procurement activities going forward. The General Reserves balance represents 1.8% of annual income (2.8% in 2022/23).

Contract Activity

All the major waste contracts, Landfill, Organic Waste Treatment, Mixed Dry Recyclates, Bring Bank Collection Services and Street Sweepings, were able to operate satisfactorily during the year. From a financial point of view, contract income was up £8.1m year on year, £42.7m compared to £34.6m. This was a significant increase in the year and was largely as a result of a new contract for Residual Waste being procured partway through the year.

Landfill Tax

In accordance with Government policy, Landfill Tax was increased by inflation from £98.60

per tonne to £102.10 per tonne for the 2023/24 year which results in an additional charge from the landfill operators. The rate for the 2024/25 year has been confirmed as being £103.70 per tonne.

This cost has a significant financial impact on councils and the Landfill Tax provides a strong economic incentive for landfill diversion. Substantial savings are generated to our councils through diversion to the Materials Recovery Facility, Bring Bank Collection Service, Organic Waste, and Residual Waste contracts. In 2023/24 over 290,000 tonnes of materials were delivered to these four contracts resulting in a saving on Landfill Tax and landfill treatment cost in the region of £11.5m, if these waste streams had been sent to landfill.

Residual Waste Treatment Project

The need to extinguish critical regulatory risks (i.e. planning, permitting, land assembly) to enable implementation of the residual waste treatment infrastructure matched to arc21's constituent councils long term requirements remains to be progressed.

In particular, securing a robust planning consent in Northern Ireland for the residual waste treatment project remains challenging.

A fourth recommendation to grant planning permission to develop waste treatment infrastructure at Hightown Quarry was issued by planning officials in March 2022. The DfI Minister set this recommendation aside and refused planning permission. The Minister appeared to give a decision which closed out any appeal with the planning legislation, leaving only the judicial review route open to seek redress.

The arc21 Joint Committee decided to undertake a Judicial Review challenge of this decision. In May 2023, following engagement with the Department for Infrastructure, the Judge quashed the decision of the Minister. Steps to update the evidence supporting the planning application have been implemented and an additional volume of further environmental information was submitted in September 2023. The planning authority continues to liaise with statutory consultees.

Insurance Matters

A range of insurance policies are in place as part of the ongoing risk management and governance arrangements of the organisation. Details of the insurance policies in place can be seen in note 1a(xxvii).

Investment Income

The investment income earned by arc21 increased during 2023/24 as a consequence of continuing incremental increases to the Bank Of England base rate. In 2023/24 the actual interest earned by arc21 on cash held on short term deposit was £80,946 (£14,240 in 2022/23).

Looking ahead to next year, early indications would suggest that the return on investments on short term cash deposits is likely to fall as the expectation is that the Bank Of England base rate may be cut during 2024/25.

Conclusion

In general, the 2023/24 year proved to be another particularly challenging one but the financial results presented in this report, given the circumstances, reflect an overall satisfactory position for the Joint Committee.

Once again, the management of cashflow remained strong and expenditure was broadly within budget. The General Reserves reduced by £211,691 which included a planned return of £175,000 back to councils from reserves; the difference largely being due to an increased spend on procurement related activities during the year.

Finally, arc21 would like to take the opportunity to formally acknowledge the ongoing support and commitment from the elected Members of the Joint Committee and the Officers of our Partner Councils. Their support is one of the critical success factors behind arc21.

Statement of the Joint Committee's and Chief Financial Officer's Responsibilities for the Statement of Accounts

The Joint Committee's Responsibilities

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a Joint Committee shall make arrangements for the proper administration of its financial affairs. A Joint Committee shall designate an officer of the Joint Committee as its Chief Financial Officer and these arrangements shall be carried out under the supervision of its Chief Financial Officer.

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 the Joint Committee is required by resolution to approve the accounts.

These accounts were recommended for approval by the Joint Committee on 28/09/2023.

The Chief Financial Officer's Responsibilities

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Joint Committee's Statement of Accounts in the form directed by the Department for Communities. For arc21, this is the responsibility of the Acting Chief Executive.

The accounts must give 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.

In preparing this Statement of Accounts, the Chief Financial Officer is required to:

- observe the Accounts Direction issued by the Department for Communities including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom;
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis; and
- make judgments and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

- keep proper accounting records that are up-to-date; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

arc21 Joint Committee
Annual Governance Statement 2023/24

arc21's Annual Governance Statement (AGS) follows guidance issued by the Department for Communities (DfC) Local Government Division in Circular LG 30/15, dated 19 November 2015, and Circular LG 01/2024 Accounts Direction: arc21 23/24, dated 16 January 2024, and comprises of the following sections:

- Scope of responsibility
- The purpose of the governance framework
- The governance framework
- Review of effectiveness
- Significant governance issues.

Scope of Responsibility

arc21 is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. arc21 also has a general duty under the Local Government Act (Northern Ireland) 2014 to make arrangements for continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, arc21 is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes the management of risk.

arc21 is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA/ Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government (2016 edition)*. This statement explains how the Joint Committee meets the requirements of Regulation 4(4) of the Local Government (Accounts & Audit) Regulations (Northern Ireland) 2015 in relation to the publication of a Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which arc21 is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables arc21 to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of arc21's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at arc21 for the year ending 31 March 2024 and up to the date of approval of the financial statements.

The Governance Framework

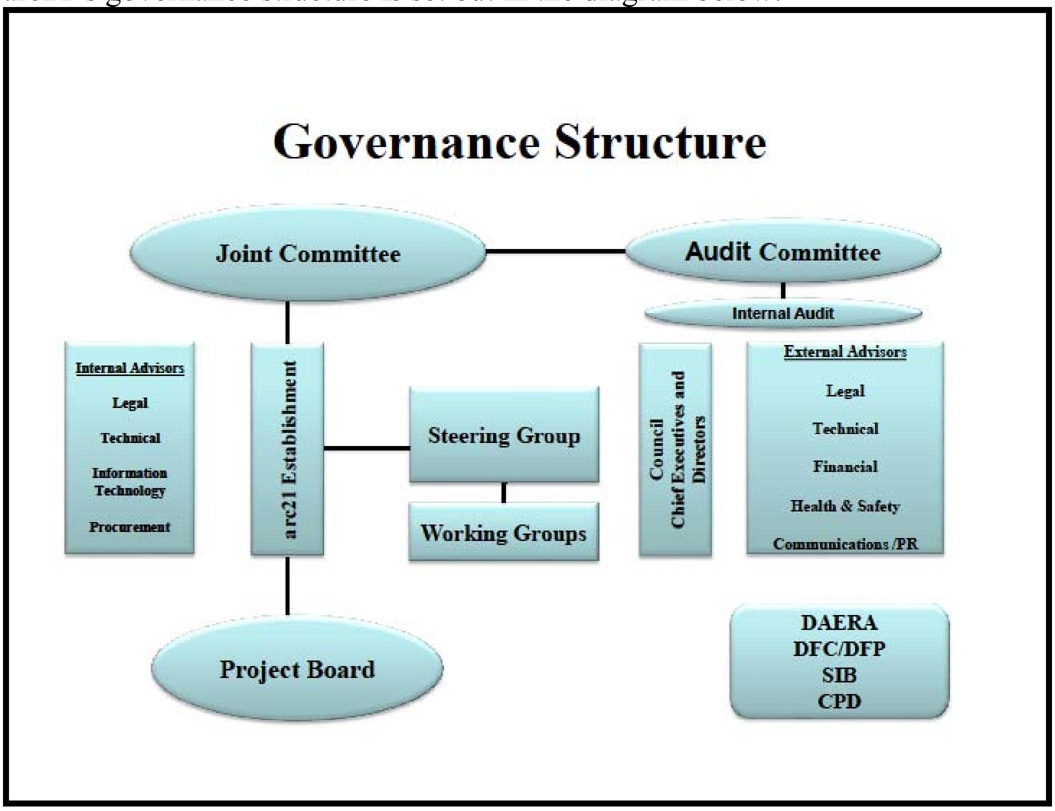
This section of the Annual Governance Statement provides a brief description of the key elements of the governance framework that arc21 has in place.

<u>Decision making process from the period 19th March 2020 to the present time.</u>

The Coronavirus Act 2020 (Extension of Provisions Relating to Local Authority Meetings) (No. 2) Order (NI) 2023 provided councils and joint committees the flexibility to hold meetings by remote or hybrid means until 6 March 2024. Since that date meetings have been held in person. Throughout 2023/24, the Joint Committee meetings achieved quorum at our regular events which allowed business to proceed in a timely manner, except for the meeting in March 2024.

The Audit Committee was not able to be formed following the Local Government Elections in May 2023. The Joint Committee agreed on 26 October 2023 that core governance reports which would normally have been presented to the Audit Committee should now be presented quarterly to the Joint Committee. arc21 intends this to be a temporary arrangement for 2023/24 and will strive to form an Audit Committee in the future, in line with best practice.

arc21's governance structure is set out in the diagram below:



The key elements of the systems and processes that comprise arc21's governance arrangements include the following.

- **identifying and communicating the Joint Committee's vision of its purpose and intended outcomes for citizens and service users**

The Corporate Plan covering 2020-2024 was developed using the Balanced Scorecard and was approved by the Joint Committee in August 2020. Arising from this, an Action Plan is developed annually which identifies the tasks needing to be implemented to deliver the Strategic Objectives set out in the Corporate Plan. Delivery is reported to the Steering Group on a quarterly basis and a retrospective review of the tasks themselves forms the basis for the Annual Report which is submitted to the Joint Committee in quarter two. The Corporate Plan for 2024-2028 is now being drafted.

The Corporate Plan has been made available to all key stakeholders, continues to be distributed to relevant third parties, as required, and is available on the arc21 website. Once adopted, the Annual Report is similarly published on the arc21 website.

In addition, during the year, arc21 produce regular reports to the Steering Group setting out the waste management contracts and the performance of key indicators against targets within the Action Plan.

The last update of the Waste Management Plan, developed in 2014/15, is available on arc21's website, and was further updated in 2015/16 to take into account the revised geographic areas of the new council boundaries arising from Local Government Reform (LGR). Given the level of uncertainty that arose from Brexit and the introduction of new UK legislation (the Environment Act) which has generated/is generating several new pieces of legislation, and in line with legislative requirements to refresh it, the Department has recognised that "*Delivering Resource Efficiency*" (the Waste Strategy) needs to be updated in the coming year. This was anticipated earlier but achieving the changes outlined above took priority, which means that this will not now be completed before 2024. Given the scale of legislative change envisaged, there is likely to be a substantial consultation period to inform this new strategy, which will reference the Circular Economy and include consideration of how extended producer responsibility (EPR) and the deposit return scheme (DRS) should be applied in Northern Ireland.

In the meantime, councils are refreshing their previous Waste Management Plans – but as a "*light touch*" in the form of an addendum prior to a more comprehensive revision following Departmental issuance of the new Waste Strategy (likely to be required in 2024 or 2025). Initially, this was being considered on an 11 council basis, but it was recognised that it was not timely to adopt this approach so the addendum is being drafted as a stop-gap measure. Following the award of a collective tender on behalf of the councils, consultants have been drafting the addendum on the basis of the previous local government groups, and arc21 are coordinating inputs to this update on behalf of its constituent councils by working with the appointed consultants to ensure that this processes accordingly.

In parallel to this, the Strategic Investment Board (SIB) has been undertaking a review of waste management structures in Northern Ireland on behalf of SOLACE to assess if a single waste body could oversee waste management operations for all the councils. Progress on the review and resultant SIB's recommendations were reported to all 11 Councils in late 2022/early 2023 and have been approved by the majority of councils. arc21 awaits the outcome of these developments to determine how it can best support the process but it is likely that further work will be required to articulate the prospect of creating a single waste management organisation for Northern Ireland.

Section 84 of the Local Government Act (NI) 2014 confers a general duty of improvement on the Joint Committee and in this regard arc21 has developed an Action Plan to demonstrate the achievement of operational objectives across the organisation.

arc21 has a Code of Governance in place which was approved by the Joint Committee. The Code is based on the seven principles set out in the CIPFA/SOLACE "*Delivering Good Governance in Local Government: A Framework*". This sets out the 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. This is reviewed and updated annually to ensure compliance.

It should also be noted that arc21 remain compliant with the requirements of ISO9001 and continues to seek to demonstrate external accreditation in relation to Excellence in Governance. An external assessment was carried out during the year and arc21's re-certification for ISO9001 was confirmed. (Note that the Excellence in Governance accreditation will discontinue for all organisations in 2024).

- **reviewing the Joint Committee's vision and its implications for the Joint Committee's governance arrangements**

The Corporate Plan covering the four-year period, 2020-2024, was approved in August 2020 and implementation of the various Corporate Strategic Objectives continues with annual Action Plans being agreed with the Steering Group to deliver these. The new Corporate Plan covering 2024-2028 is currently being prepared.

The Corporate Plan, and the arrangements in place to deliver the plan, are subject to continuous review to ensure currency and progression towards the achievement of arc21's strategic objectives.

In relation to waste management issues, arc21 engages regularly with Government. In accordance with the constituent councils' statutory duty to manage waste and in line with the facilities proposed to discharge this duty as per the Waste Management Plan (2015), following the Minister for the Department for Infrastructure's decision being quashed by the High Court in 2023, arc21 has updated statements supporting its application for a range of residual waste treatment facilities at Hightown. Limited comments were received from consultees, which are now being addressed, and it is anticipated that a recommendation for approval will again be presented to the Minister in due course for a decision.

- **measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with the Joint Committee's objectives and for ensuring that they represent the best use of resources**

arc21 regularly engages with its constituent councils to present reports which show progress against targets and invite continuous feedback. On a monthly basis, arc21 provides Chief Executives with a synopsis of relevant issues as well as the Joint Committee reports and Members Summary; and meetings are held with the Chief Executives and/or directors of the constituent councils as/when required.

Performance reports are presented monthly to the senior officers and elected Members from the constituent councils. These include performance in relation to arc21's key contracts and progress towards developing and implementing the infrastructure contract for managing residual waste longer-term. Notwithstanding that reporting against the Northern Ireland

Landfill Allowance Scheme (NILAS) is now no longer required, we continue to provide an analysis of performance of the individual constituent councils against the new Circular Economy targets[1].

The objectives set out in the annual Action Plan are reviewed quarterly to demonstrate the achievement of operational activities across the organisation. In addition, arc21 produce annual financial information reports which are presented to its constituent councils to assist with the revenue estimates process.

The reports which are presented throughout the year to the Steering Group and Joint Committee are also circulated to other constituent councils' senior officers and/or Chief Executives for their information, and these regularly include information on arc21's performance in relation to delivering its Corporate Plan.

Customer surveys are issued annually to Steering Group and Joint Committee Members, and the process has been further enhanced through the use of electronic facilities. Survey results are reported to both the Steering Group and Joint Committee. The results are also reported within arc21's ISO9001 system.

arc21 initially gained ISO 9001 Quality Management Systems accreditation in 2011 and has successfully re-applied for this standard each year in order to improve performance and facilitate continual improvement. The standard has been revised to a new 2015 standard and arc21 has updated its systems and procedures in line with the new standard. The ISO accreditation body has undertaken a review of the updated arc21 procedures in 2023/24 and has confirmed that arc21 remains compliant with the 2015 standard.

- **defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

Terms of Agreement, approved by all its Constituent Councils in 2014/15, define the roles and responsibilities of the Joint Committee and the operational functions carried out under the direction of the Chief Executive. The Terms of Agreement set out the five principles under which arc21 is governed; these are:

  - Principle of Consensus;
  - Principle of Limit of Delegation;
  - Principle of Functional Responsibilities;
  - Principle of Equitable Shared Funding; and
  - Principle of Equal Committee Representation.

A Supplementary Agreement to the July 2003 Terms of Agreement is also in place, as well as Key Terms to the Residual Waste Treatment Project (RWTP) which further enhances the robustness of the legal arrangements between arc21 and the constituent councils.

A Scheme of Delegation is in place, approved by the Joint Committee, which applies to the functions delegated to the Chairman of the Joint Committee, and to the Chief Executive.

Standing Orders are in place, which deals with the conduct of the formal business of the

[1] 55% recycling of household waste by 2025, 60% by 2030, 65% by 2035

meetings of Members at the Joint Committee.

As part of the Local Government Reform (LGR) process, arc21 was reconstituted in legislation through the formal adoption of "*The Local Government (Constituting a Joint Committee a Body Corporate) Order (Northern Ireland) 2015*", which came into operation on 1 April 2015.

The Terms of Agreement have been updated and signed by the constituent councils. These new Terms are effective from 1 April 2015, and they reflect all the core Principles previously established by the Joint Committee.

Any developments regarding the future delivery of waste management services provided by arc21 has been determined by the six successor constituent councils.

- **developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

The individual Members of the Joint Committee are bound by the "*Code of Conduct for Councillors in Northern Ireland*". In addition, Members are bound by Standing Orders in relation to the conducting of business at the formal Joint Committee meetings.

In terms of staff, arc21 has adopted the Local Government Staff Commission (LGSC) model code of conduct for local government employees. The staff code of conduct for arc21 provides guidance to staff on how they should behave. It touches on areas such as staff integrity, roles and responsibilities, use of resources, conflicts of interests and other issues which all influence how effective internal financial controls are in place. All members of staff receive induction training which includes an introduction to the Code of Conduct. The Code was updated during 2021 and is included in the suite of Human Resources policies and procedures which were presented to and ratified by the Joint Committee in 2021.

- **reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

The Standing Orders were developed from existing models in place within Northern Ireland local government and will be reviewed during each Joint Committee term and are updated as and when required.

The Terms of Agreement, approved by arc21's constituent councils in 2014/15, are kept under continuous review. Any changes require the approval of all the constituent councils.

The Terms of Agreement have been updated post LGR and they reflect all the core Principles of the original Terms of Agreement.

A Scheme of Delegation is also in place, approved by the Joint Committee which applies to the functions delegated to the Acting Chief Executive by the Joint Committee. arc21's Financial Regulations are incorporated within this.

Remote meetings of the Joint Committee commenced in July 2020 to enable Members to meet and make decisions in accordance with the Coronavirus Act. This expired on 6 March 2024. Since that date meetings have been held in person.

A risk management strategy, setting out arc21's overall approach to risk management, was developed in line with best practice and approved by the Audit Committee.

Belfast City Council's Audit, Governance & Risk Services (AGRS) 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 both the corporate and operational levels of the organisation as well as for major projects.

During 2020, AGRS facilitated risk workshops for arc21's Senior Management Team in order to update the corporate risks to align them with the Corporate Plan 2020-24. Eight new corporate risks were identified.

Updated risk registers and risk action plans were put in place to manage the risks identified. The risk registers and action plans are reviewed by the management team on an ongoing basis to ensure currency, usually on a quarterly basis.

Where appropriate, risk registers are incorporated as part of the governance arrangements for procuring waste management contracts and reviewed by relevant senior officers overseeing such procurement exercises. In terms of operational contracts, during the operational phase, regular meetings take place to enable risks to be identified and appropriate action taken to manage the risks, including the use of the services of AGRS.

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.

A risk report, setting out how each of the corporate risks are being managed, is submitted to the Audit Committee at the quarterly meetings.

A system of annual assurance reporting by Directors within arc21 continues to be in place, and these signed assurance statements form part of the evidence to enable the sign-off of the Annual Governance Statement by the Chief Financial Officer (CFO). The duties of this post are included within those of the Acting Chief Executive.

- **undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities**

The Audit Committee was not able to be formed following the Local Government Elections in May 2023. The Joint Committee agreed on 26 October 2023 that core governance reports which would normally have been presented to the Audit Committee can now be presented quarterly to the Joint Committee. arc21 intend this to be a temporary arrangement for 2023/24 and will strive to form an Audit Committee in the future, in line with best practice.

Regular risk and governance training is provided to Audit Committee Members, and this will be revisited when a new Committee is formed.

- **ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

In accordance with the functions delegated to the Acting Chief Executive in the Scheme of

Delegation, the Acting Chief Executive and Directors are responsible for, within their area of responsibility, ensuring that staff conduct their business in accordance within the law and proper standards, and that public money, for which they are responsible, is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Remote meetings of the Joint Committee commenced in July 2020 to enable Members to meet and make decisions in accordance with the Coronavirus Act. Following extensions, the Act expired on 6 March 2024 and meetings reverted to in-person since that date.

The Scheme of Delegation and Financial Regulations include an explicit reference to management's responsibility for internal control. As the Chief Financial Officer (CFO), the Acting Chief Executive is the designated officer responsible for the proper administration of the Joint Committee's financial affairs. The Financial Regulations set out the delegated powers of the Acting Chief Executive as CFO in ensuring expenditure is lawful. The Scheme of Delegation and Financial Regulations include financial thresholds for procurement and the circumstances in which Single Tender Actions / direct awards are permissible.

arc21's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework.

The post of Acting Chief Executive Officer is arc21's designated CFO under the Local Government Finance Act (NI) 2011, responsible for the proper administration of arc21's financial affairs. The CFO is supported by the Principal Financial Accountant, a qualified accountant.

We reviewed the principles of the CIPFA Financial Management Code and confirm compliance for the year.

The Code of Conduct for Local Government Employees provides guidance on a wide range of areas in relation to policies and procedures for staff. There is a handbook for employees containing all employee related policies, which were refreshed during 2021/22. The policy relating to acting-up is being finalised and will be concluded in early 2024/25, while the existing suite of policies will be reviewed during the term of the new Corporate Plan 2024-28.

Ongoing general legal support is provided by Belfast City Council's Legal Services Department, and specific contract and procurement legal support is provided by an external firm of solicitors following a competitive tendering exercise. In addition, in relation to the Residual Waste Treatment Project (RWTP), a client side team of professional consultants are in place to provide advice on financial, technical, legal and planning issues etc.

arc21 engages AGRS to provide an independent assurance and advisory service to help arc21 achieve its objectives and improve the effectiveness of its risk management, control and governance processes. AGRS conforms to CIPFA'S Public Sector Internal Audit Standards. In addition, the Head of Internal Audit role addresses the five principles set out in the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Local Government Auditor provides a level of assurance through the provision of the annual external audit and the issuing of the Annual Audit Letter and the Report to Those Charged with Governance.

- **raising concerns and for receiving and investigating complaints from the public**

The Raising Concerns policy takes into account the updated guidance set out in the NIAO document "*Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector*".

In addition, there is a complaints policy in place, which is publicly available on the arc21 website.

- **identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

In terms of the needs of Members on the Joint Committee and senior officers from the Steering Group, regular monthly meetings are held to ensure that they are kept up to date with issues as they emerge.

Information provided in the regular Joint Committee and Steering Group meetings are designed in part to build capacity of both Members and Officers in respect of better understanding of waste management policy and waste management contracts.

The training needs of both Members and senior officers are kept under review.

In relation to officers within the organisation, personal training and development plans are in place and kept under review. All staff attend relevant seminars and conferences on a regular basis.

All staff receive induction training on joining the organisation.

- **establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

arc21 regularly engage with its constituent councils to present progress reports and invite continuous feedback. arc21 provides copies of the monthly Joint Committee reports and Members' Summary to Chief Executives and Members of the constituent councils. Several councils take these reports to their own committees for consideration. arc21 meet monthly with senior officers and Members of the constituent councils. In addition, meetings with councils' Chief Executives and Directors are held as and when required.

In addition, arc21 regularly communicates with other key stakeholders, including, waste sector contractors, Government departments and local government bodies.

Review of Effectiveness

arc21 has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within arc21 who have responsibility for the development and maintenance of the governance environment, the Statements of Assurance from Directors providing confirmation that a risk control framework was in place throughout the year, the Head of AGRS annual report, and also by comments made by the external auditors.

An extract from the Head of AGRS Annual Assurance Statement for the period ending 31

March 2024 is given below:

As Head of Audit, Governance and Risk Services (AGRS), on the basis of work carried out, I can provide a reasonable assurance regarding the adequacy and effectiveness of arc21's framework of governance, risk management and control.

My opinion is based on the following:

Evidence from four audits completed during 2023/24. AGRS are providing positive statements of assurance, with three audits receiving the assurance opinion level of "Substantial" (the first tier of assurance in the four tier model) and one audit receiving the assurance opinion level of "Some Improvement Needed" (the second tier of assurance in the four tier model). The audits completed were:

- Dry Recylables
- Internal Financial Control
- Contract Management
- Conflicts of Interest and Gifts & Hospitality

The process in place for reviewing the implementation of audit actions.

- The work that was undertaken to support arc21's Senior Management Team in reviewing and updating quarterly the corporate risks, that could potentially impact on delivery of the corporate plan.

- Management assurances on the operation of sound risk management and systems of internal control through the Annual Assurance Statements completed by Directors.

- The evidence set out in the review and update of arc21's Code of Governance and Annual Governance Statement regarding the range of key assurance and governance arrangements that arc21 has in place to direct / oversee its activities.

While I have provided an opinion of reasonable assurance there are a number of important points to highlight:

- Good progress has been made by management in implementing the open audit actions and approximately two thirds were closed as part of the follow up exercise undertaken in March 2024. It is important that this momentum is maintained, in particular in relation to the outstanding actions relating to GDPR.
- The Audit Committee was not able to be formed following the Local Government Elections in May 2023. The Joint Committee agreed in October 2023 that core governance reports which would normally have been presented to the Audit Committee should now be presented quarterly to the Joint Committee. arc21 intend this to be a temporary arrangement and will strive to form an Audit Committee in the future. While good governance is ultimately the responsibility of the Joint Committee and the Senior Management Team, I

underline the importance of the reestablishment of the Audit Committee as it has a key role to play in supporting the discharge of those responsibilities by providing a high-level focus on audit, assurance and reporting.

- Given the current status of the Residual Waste Treatment Project no audit days have been allocated in the audit plan. However, this will be reviewed should there be any developments with the project.

Further information to support the above statements is provided at Section 3 to this report.

Public Sector Internal Audit Standards

I can confirm that AGRS has conformed to Public Sector Internal Audit Standards during 2023/24. A quality assurance and improvement programme is in place including internal review of work, annual assessment against professional standards, quarterly progress and performance reporting to the Joint Committee. In addition, an external review was carried out in 2022 and reported to the Audit Committee in September 2022. This report concluded that AGRS conforms to the requirements of the Public Sector Internal Audit Standards and provides Members and management with valuable independent assurance on the internal audit service provided by AGRS.

Service performance indicators for 2023/24 have mostly been met.

Claire O'Prey

Head of Audit, Governance and Risk Services

June 2024

Continued effort has been put into developing, implementing and reviewing the effectiveness of the key elements of the assurance framework within arc21 with the key elements being:

1. a process whereby Directors are required to sign annual assurance statements, which are reviewed and considered by the Chief Executive when preparing the Annual Governance Statement;
2. embedding risk management, with quarterly reports being presented to the Joint Committee;
3. progress against the Corporate Plan reported to the Joint Committee as part of the Annual Report
4. business planning and related performance reporting arrangements being reported to the Steering Group;
5. a professional internal audit function, which is subject to external quality assessment every five years, with the results reported to the Joint Committee;
6. a professional external audit function;
7. ISO 9001 Quality Management Systems accreditation;
8. working to the principles of the Excellence in Governance accreditation (although this accreditation is being discontinued after 2024);

9. regular monitoring of the implementation of audit recommendations which is reported to the Joint Committee;
10. engagement of external Health & Safety consultants who report to management: and
11. the implementation of business continuity arrangements.

Update on the Significant Governance Issues that were declared last year

Five issues were declared last year:

- Staff Resources / Human Resources Strategy / Organisational Review
- Residual Waste Treatment Project
- Covid-19 Pandemic and other pressures
- SOLACE Strategic Review of NI Council Waste Management Arrangements
- Procurement and Budget Monitoring – Corporate Consultancy Contracts.

Three continue to be declared as issues in this year's statement regarding staff resources, residual waste treatment project and the SOLACE Strategic Review of NI Council Waste Management Arrangements. Issues related to the Covid 19 Pandemic and to Procurement and Budget Monitoring are no longer considered to be significant governance issues for the year-end 2024. An update on the work that was completed last year to manage these issues is set out below.

Significant Governance Issues for the year-end 2024

The significant governance issues for the year-end 2024 were identified through review of the risks in the Corporate Risk Register and review of the Directors' Annual Assurance Statements.

The most significant issues for arc21 are listed below and include three issues that were declared last year:

- Staff Resources / Human Resources Strategy / Organisational Review
- Residual Waste Treatment Project
- SOLACE Strategic Review of NI Council Waste Management Arrangements

There are no new significant issues that have been identified this year.

Staff Resources / Human Resources Strategy / Organisational Review

Review of workflow activities in the Policy and Operations section has been completed and has resulted in some changes to processes and procedures. The organisational review has now been completed with the outworking from it intended to form the basis for the draft 2024 – 2028 Corporate Plan. As the organisational review report has only recently been completed and made available to SMT it is unclear if the resources (both human and financial) will match the expectations encapsulated in the new 4 -year plan, as currently drafted.

Recognition has been included in the Corporate Plan that, given the uncertainty arising from the changing policy landscape and possible increase in workload, future resources may be necessary for arc21 to continue to perform satisfactorily which is likely to be felt from 2025/26 onwards.

Residual Waste Treatment Project

The need to extinguish critical regulatory risks (i.e. planning, permitting, land assembly) to enable implementation of the residual waste treatment infrastructure matched to arc21's constituent councils long term requirements remains to be progressed.

In particular, securing a robust planning consent in Northern Ireland for the residual waste treatment project remains challenging.

A fourth recommendation to grant planning permission to develop waste treatment infrastructure at Hightown Quarry was issued by planning officials in March 2022 but the Minister for the Department for Infrastructure (DfI) Minister set this recommendation aside and refused planning permission. This decision was quashed in 2023 and further reports were prepared to update the planning application for residual waste facilities at Mallusk and submitted to the DfI in the autumn.

This additional volume of further environmental information is now being considered by the planners, who have liaised with the relevant statutory consultees and it is anticipated that a recommendation to approve will again be made to the Minister who will then make a determination in due course.

Covid-19 Pandemic & other pressures

The Covid-19 pandemic created an immediate impact on arc21 and its ways of working. Some issues have been resolved or are no longer relevant, such as those caused by the national lock-down. There were some permanent changes arising such as the adoption of a hybrid working model which has worked well. This is no longer deemed to be a significant governance issue for arc21.

SOLACE Strategic Review of NI Council Waste Management Arrangements

As stated last year, the Society of Local Authority Chief Executives and Senior Managers (SOLACE Group) Strategic Review of NI Council Waste Management Arrangements continues to exert an unsettling shadow over arc21's operations. The review was conducted by the Strategic Investment Board and has been considered and approved in principle by ten of the councils by December 2022. The remaining council has requested that arc21 review the content of the report before they formally consider it. They are to write to SOLACE requesting that a copy of the report be made available for review but, at the time of writing, we have yet to receive a copy.

It is understood that supplementary funding is being sought from two Government Departments to facilitate the next stage in the consideration and development of this proposal. It is unclear what impact the financial constraints being experienced by Government Departments will have on progressing this proposal.

Procurement and Budget Monitoring – Corporate Consultancy Contracts

Last year, the issue in relation to unplanned and unbudgeted work being undertaken by Members was raised, and the difficulties arising from the lack of segregation between executive and governance / oversight functions was highlighted. In order to help mitigate a repeat, a paper was taken to the Joint Committee on 28 September 2023 which outlined the roles and responsibilities of Joint Committee Members. This is no longer deemed to be a significant governance issue for arc21.

Signed:..
Cllr Michael Goodman
Chair of Joint Committee

Date: 17/09/24

Signed:..
Tim Walker
Acting Chief Executive

Date: 17/09/24

On behalf of the Committee of the Joint Committee or the Members of the body meeting as a whole and by the Chief Executive.

Remuneration Report For The Year Ended 31 March 2024

Introduction

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a remuneration report as part of the statement of accounts.

Allowance and Remuneration Arrangements:

Councillors
arc21 is a Joint Committee comprised of elected members nominated from each of the six Partner Councils. The number of elected members from each respective council is three. arc21 does not make payments to any of the elected members on the Joint Committee and therefore Councillors' remuneration is not included. However, the separate Partner Council's Remuneration Reports provides information on Councillors' allowance and remuneration arrangements.

Senior Employees
The remuneration of senior employees employed by the Joint Committee is determined by the Joint Committee in line with that determined by the Joint Negotiating Committee for Chief Executives of Local Authorities and by the National Joint Council (NJC) for Local Government Services. Senior employees of the organisation are the Acting Chief Executive, the Corporate Services Director and the Acting Policy and Operations Director.

arc21 appointments are made in accordance with the Local Government Staff Commissions' Code of Procedures on Recruitment and Selection, which requires appointment to be on merit and on the basis of fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended.

- Tim Walker was appointed as Acting Chief Executive on secondment from Belfast City Council initially for a two year period with effect from 1/10/19. This has subsequently been extended a number of times with the current extension being to December 2025, as agreed at the December 2023 Joint Committee meeting.

Remuneration of Senior Employees:

The remuneration of senior employees covers the Senior Management Team. The following table provides details of the remuneration paid to senior employees:

Table 1: Remuneration (including salary) (audited information)

		2023/24			
Officers	**Position**	**Salary (Full year equivalent in brackets)**	**Bonus Payments**	**Benefits In Kind**	**Total (Full year equivalent in brackets)**
		£'000s	**£'000s**	**£'000s**	**£'000s**
Tim Walker	Acting Chief Executive	100-105 (100-105)	0	0	100-105 (100-105)
George Craig (left 11/8/23)	Corporate Services Director	25-30 (80-85)	0	0	25-30 (80-85)
Karen Boal	Acting Policy and Operations Director	80-85 (80-85)	0	0	80-85 (80-85)

		2022/23			
Officers	**Position**	**Salary (Full year equivalent in brackets)**	**Bonus Payments**	**Benefits In Kind**	**Total (Full year equivalent in brackets)**
		£'000s	**£'000s**	**£'000s**	**£'000s**
Tim Walker	Acting Chief Executive	95-100 (95-100)	0	0	95-100 (95-100)
George Craig	Corporate Services Director	60-65 (75-80)	0	0	60-65 (75-80)
Karen Boal	Acting Policy and Operations Director	75-80 (75-80)	0	0	75-80 (75-80)

arc21 is required to disclose the relationship between the remuneration of the highest paid member of the Senior Management Team and the median remuneration of the workforce of arc21.

The banded remuneration of the highest paid member of the Senior Management Team in the financial year 2023/24 was £100k - £105k. This was 2.1 times the median remuneration of the workforce, which was £48k.

Table 2: Relationship between the remuneration of the highest paid member of the Senior Management Team and the median remuneration of the workforce of arc21 (audited information)

	2023/24 £'000s	2022/23 £'000s
Salary Band of Highest Paid Member of the Senior Management Team (FTE)	100-105	95-100
Median Total Remuneration	48	47
Ratio	2.1	2.1

In 2023/24, no employees received remuneration in excess of the highest paid member of the Senior Management Team.

Total remuneration includes salary, bonus payments and benefits in kind.

Salary
"Salary" includes gross salary, overtime, and any ex-gratia payments.

Bonus Payments
There are no bonus payments for any employee.

Benefits In Kind
The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Exit Packages for Staff
The number of exit packages provided to all staff by the Joint Committee, together with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Table 3: Exit Packages (audited information)

	2023/24				2022/23			
Serverance Package Cost Bands	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Exit Packages in each Cost Band £'000s	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Exit Packages in each Cost Band £'000s
£0 - £20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	1	1	20	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
Total	-	1	1	20	-	-	-	-

Pension Benefits

The Local Government Pension Scheme (Northern Ireland) (the Scheme) is a funded defined benefit pension scheme, which provides retirement benefits for arc21 employees on a "career average revalued earnings" basis from 1 April 2015. Prior to that date benefits were built up on a "final salary" basis.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

The Scheme is funded by contributions made by both employees and employers. Prior to 1 April 2009, member's contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the Scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered member contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are determined on the actual rate of pay and any assumed pensionable pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2023, were as follows:

Table 4: Employee Contribution Rates

Band	Pensionable Salary Range	Employee Contribution Rate
1	£0 - £16,900	5.50%
2	£16,901 - £26,000	5.80%
3	£26,001 - £43,400	6.50%
4	£43,401 - £52,800	6.80%
5	£52,801 - £104,700	8.50%
6	more than £104,700	10.50%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2022 was carried out in 2022/23 and set the employer contribution rates for the 3 years commencing 1 April 2020, as follows:

Table 5: Employer Contribution Rates

Year	Employee Contribution Rate
1 April 2023 - 31 March 2024	19.0%
1 April 2024 - 31 March 2025	19.0%
1 April 2025 - 31 March 2026	19.0%

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

The value of pension benefits of the Senior Management Team of the Joint Committee accrued during the year was as follows:

Table 6: Pension Benefits of Senior Staff in 2023/24 (audited information)

Officers	Position	Accrued Pension at Pension Age as at 31/3/24 & Related Lump Sum (LS)	Real Increase in Pension & Related Lump Sum (LS) at Pension Age	CETV at 31/3/24	CETV at 31/3/23	Real Increase in CETV
		£'000s	£'000s	£'000s	£'000s	£'000s
Tim Walker	Acting Chief Executive	45-50 65-70 (LS)	0 to 2.5 -2.5 to 0 (LS)	953	861	31
George Craig (left 11/8/23)	Corporate Services Director	45-50 85-90 (LS)	5 to 7.5 12.5 to 15 (LS)	960	768	172
Karen Boal	Acting Policy and Operations Director	30-35 25-30 (LS)	0 to 2.5 -2.5 to 0 (LS)	622	554	23

The Cash Equivalent Transfer Value (CETV)
This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The Real Increase In The Value Of The CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Signed: ....

Tim Walker
Acting Chief Executive

Date: 17/09/24

Certificate of the Chief Financial Officer

I certify that:

(a) the Statement of Accounts for the year ended 31 March 2024 on pages 34 to 80 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 38 to 55.

(b) in my opinion the Statement of Accounts gives a true and fair view of the financial position of the authority at the reporting date and of its expenditure and income for the year ending 31 March 2024.

Signed:..
Tim Walker
Acting Chief Executive / Chief Financial Officer

Date: 17/09/24

Joint Committee Approval of Statement of Accounts

These accounts were approved by resolution of the arc21 Joint Committee on 29/08/24.

Signed:..
Cllr Michael Goodman
Chair of Joint Committee

Date: 17/09/24

Independent Auditor’s Report To The Members Of arc21 Joint Committee

Opinion on financial statements

I have audited the financial statements of arc21 for the year ended 31 March 2024 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom supported by UK adopted international accounting standards.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, of the financial position of arc21 as at 31 March 2024 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities’ directions issued thereunder.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of arc21 in accordance with the ethical requirements of the Financial Reporting Council’s Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that arc21’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on arc21’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for arc21 is adopted in consideration of the requirements set out in the Code of Practice on Local Authority Accounting, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in that report as having been audited, and my audit certificate and report. The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

• the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and

• the information given in the Statement of Accounts for the financial year ended 31 March 2024 is consistent with the financial statements.

Matters on which I report by exception

In light of the knowledge and understanding of arc21 and its environment obtained in the course of the audit, I have not identified material misstatements in the Statement of Accounts.

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 2023-24;
        - does not comply with proper practices specified by the Department for Communities;
        - 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 and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or

- I have not received all of the information and explanations I require for my audit, or

- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or

- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the body; or

- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Joint Committee's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- such internal controls as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

- assessing arc21's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Financial Officer anticipates that the services provided by arc21 will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the arc21 through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;

- making enquires of management and those charged with governance on arc21's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of arc21's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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 Statement of

Responsibilities of the Local Government Auditor and Local Government Bodies.

Certificate

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

Colette Kane
Local Government Auditor
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

26th September 2024

Movement in Reserves Statement for the year ended 31 March 2024

	General Reserves	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Joint Committee Reserves
	£	£	£	£	£	£	£
At 1 April 2022	**1,378,527**	**0**	**0**	**0**	**1,378,527**	**(645,000)**	**733,527**
Movements on reserves during the year:							
Surplus/(Deficit) on the Provision of Services	(508,733)	0	0	0	(508,733)	0	(508,733)
Other Comprehensive Income and Expenditure	0	0	0	0	0	839,000	839,000
Total Comprehensive Income and Expenditure	**(508,733)**	**0**	**0**	**0**	**(508,733)**	**839,000**	**330,267**
Adjustments between accounting basis & funding basis under regulations	113,990	0	0	2,010	116,000	(116,000)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**(394,743)**	**0**	**0**	**2,010**	**(392,733)**	**723,000**	**330,267**
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/(Decrease) in Year	**(394,743)**	**0**	**0**	**2,010**	**(392,733)**	**723,000**	**330,267**
At 31 March 2023	**983,784**	**0**	**0**	**2,010**	**985,794**	**78,000**	**1,063,794**
Movements on reserves during the year:							
Surplus/(Deficit) on the Provision of Services	(223,691)	0	0	0	(223,691)	0	(223,691)
Other Comprehensive Income and Expenditure	0	0	0	0	0	37,000	37,000
Total Comprehensive Income and Expenditure	**(223,691)**	**0**	**0**	**0**	**(223,691)**	**37,000**	**(186,691)**
Adjustments between accounting basis & funding basis under regulations	12,000	0	0	0	12,000	(12,000)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**(211,691)**	**0**	**0**	**0**	**(211,691)**	**25,000**	**(186,691)**
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/(Decrease) in Year	**(211,691)**	**0**	**0**	**0**	**(211,691)**	**25,000**	**(186,691)**
At 31 March 2024	**772,093**	**0**	**0**	**2,010**	**774,103**	**103,000**	**877,103**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

This statement shows the income earned and expenditure incurred during the year by the Joint Committee in accordance with generally accepted accounting practices.

	Notes	2023/24	2022/23
INCOME:		£	£
Participant Councils	*29*	994,000	960,000
Financing and Investment Income	*8d*	86,946	14,240
Contract Income:			
Landfill Service and Residual Waste		24,564,708	17,773,974
Organic Waste		10,287,097	8,970,053
Mixed Dry Recyclates		3,654,235	3,847,173
Haulage		1,705,942	1,327,182
Supplies		1,209,801	1,589,882
Street Sweepings		694,991	534,024
Bring Service		599,799	561,279
Other Contract Income		5,838	6,594
	7a	42,722,411	34,610,161
TOTAL INCOME		**43,803,357**	**35,584,401**
EXPENDITURE:			
Employee Costs	*6a*	701,037	771,282
Financing and Investment Expenditure	*8d*	-	17,000
Surplus / (Deficit) on Non-Current Assets	*7c*	-	2,010
Other Costs and Administrative Costs		603,599	692,530
Contract Expenditure:			
Landfill Service and Residual Waste		24,564,708	17,773,974
Organic Waste		10,287,097	8,970,053
Mixed Dry Recyclates		3,654,235	3,847,173
Haulage		1,705,942	1,327,182
Supplies		1,209,801	1,589,882
Street Sweepings		694,991	561,279
Bring Service		599,799	534,024
Education Vehicle		-	151
Other Contract Income		5,838	6,594
	7b	42,722,411	34,610,312
TOTAL EXPENDITURE		**44,027,047**	**36,093,134**
SURPLUS / (DEFICIT) ON THE PROVISION OF SERVICES		**(223,690)**	**(508,733)**
Re-measurement of the Net Defined Benefit Liability (Asset)	*20d*	37,000	839,000
Other Comprehensive Income and Expenditure		**37,000**	**839,000**
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE		**(186,690)**	**330,267**

Balance Sheet as at 31 March 2024

The Balance Sheet shows the value as at the Balance Sheet date of the Joint Committee's assets and liabilities. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Joint Committee is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Notes	2023/24	2022/23
		£	£
Property, Plant, & Equipment	*10*	0	0
Land & Buildings	*10*	0	0
Infrastructure Assets	*10*	0	0
Assets Under Construction	*10*	0	0
Long Term Debtors	*20c*	103,000	78,000
TOTAL LONG TERM ASSETS		**103,000**	**78,000**
Inventories	*13*	0	0
Short Term Debtors	*14*	1,156,722	1,040,713
Cash and Cash Equivalents	*15/24b*	4,238,264	4,182,850
Assets Held For Sale	*15/24b*	0	0
CURRENT ASSETS		**5,394,986**	**5,223,563**
Bank Overdraft		0	0
Short Term Borrowing	*17*	0	0
Short Term Creditors	*17*	4,620,883	4,237,769
Provisions		0	0
Liabilities In Disposal Groups		0	0
CURRENT LIABILITIES		**4,620,883**	**4,237,769**
Long Term Creditors		0	0
Provisions	*18*	0	0
Long Term Borrowing	*16*	0	0
Other Long Term Liabilities	*20*	0	0
Donated Assets Account	*21*	0	0
Capital Grant Receipts In Advance	*22*	0	0
LONG TERM LIABILITIES		**0**	**0**
NET ASSETS		**877,103**	**1,063,794**
USABLE RESERVES:			
Capital Receipts Reserve	*25*	2,010	2,010
General Reserves	*25*	772,093	983,784
UNUSABLE RESERVES:			
Capital Adjustment Account	*25*	0	0
Pensions Reserve	*25*	103,000	78,000
NET WORTH		**877,103**	**1,063,794**

Cash Flow Statement as at 31 March 2024

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of grant income and Council contributions, or from the recipients of services provided by the Joint Committee. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Joint Committee. The Joint Committee reports cash flows from operating activities using the indirect method, whereby the net Surplus or Deficit on the Provision of Services is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

	Notes	2023/24	2022/23
		£	£
Net Surplus / (Deficit) on the Provision of Services		(223,692)	(508,733)
Adjustment to surplus or deficit on the provision of services for noncash movements	*24a*	279,106	1,423,079
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0	(2,010)
Net Cashflows from Operating Activities		**55,414**	**912,336**
Net Cashflows from Investing Activities	*24d*	0	2,010
Net Cashflows from Financing Activities	*24e*	0	0
Net Increase or Decrease in Cash & Cash Equivalents		**55,414**	**914,346**
Cash & Cash Equivalents at the beginning of the reporting period		**4,182,850**	**3,268,504**
Cash & Cash Equivalents at the end of the reporting period		**4,238,264**	**4,182,850**

Notes to the Financial Statements

1. Accounting Policies

1a) General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2022/23 financial year and its position at the year-end, 31 March 2024. The Joint Committee is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice (SeRCOP) 2023/24, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

- Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

ii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Joint Committee's cash management.

iii) Contingent Assets

A contingent asset arises where an event has taken place that gives the Joint Committee a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

iv) Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Joint Committee a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

v) Acquisitions / Discontinued Operations

There were no acquisitions / discontinued operations in the year.

vi) Employee Benefits

Short-term employee benefits are those due to be settled with 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of: a) when the offer cannot be refused, or b) when the related restructuring costs are incurred.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserves balance to be charged with the amount payable by the Joint Committee to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Joint Committee are members of the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Joint Committee.

NILGOSC Pension Fund

The Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme is accounted for as a defined benefits scheme.

The liabilities of the NILGOSC scheme attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.8% (4.7% in 2022/23) as determined by reference to indicative market yields at the accounting date on high quality corporate bonds on the iBoxx Sterling Corporate AA Index.

The assets of the NILGOSC scheme attributable to the Joint Committee are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unitised securities – current bid price

The change in the net pensions liability is analysed into seven components:

Within the Expenditure Cost

- **Current Service Cost** – the increase in the present value of the defined benefit obligation (liabilities) resulting from employee service in the current period.

- **Past Service Cost** – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or change to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan).

- **Any Gains or Losses on Settlement** – (where applicable) arising where the Joint

Committee enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

Within Financing and Investment Income and Expenditure

- **Net Interest on the Net Defined Benefit Liability (Asset)** – the change in the net defined benefit liability (asset) that arises from the passage of time.

Within Other Comprehensive Income and Expenditure (Remeasurements)

- **The Return on Plan Assets** – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). This included interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

- **Actuarial Gains and Losses** – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effect of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

- **Any change in the Effect of the Asset Ceiling** – (where applicable) excluding amounts included in the Net Interest on the Net Defined Benefit Liability (Asset).

Within the Movement in Reserves Statement Appropriations

- **Contributions by Scheme Participants –** the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future).

- **Contributions by the Employer –** the increase in scheme assets due to payments into the scheme by the employer.

In relation to retirement benefits, statutory provisions require the General Reserves balance to be charged with the amount payable by the Joint Committee to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Reserves of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Joint Committee also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the NILGOSC pension fund.

vii) Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

The financial statements may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the financial statements and is usually the date the Local Government Auditor issues her certificate and opinion. Where material adjustments are made in this period they will be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

viii) Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

ix) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

x) Financial Instruments

Most financial instruments held by Joint Committees would fall to be classified into just one class of financial liability and two classes of financial assets:

Financial Liabilities:
Amortised Cost

Financial Assets:
Loans and Receivables
Available for Sale

Financial liabilities are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Joint Committee has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income or Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Reserves Balance to be spread over future years. The Joint Committee has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Reserves Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets – that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The Joint Committee has not made any relevant transactions to date but if it did so the policy would incorporate the amounts involved being presented in the Balance Sheet as the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement as the amount receivable for the year in the loan agreement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Joint Committee.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis; and
- equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following principles:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for - Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income or Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xi) Foreign Currency Translation

Where the Joint Committee has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

xii) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and Council contributions and donations are recognised as due to the Joint Committee when there is reasonable assurance that:

- the Joint Committee will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to Government Grants in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserves Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied

Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiii) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Joint Committee as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Joint Committee.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Joint Committee will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Joint Committee's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Joint Committee can be determined by reference to an active market. In practice, no intangible asset held by the Joint Committee meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Reserves Balance. The gains and losses are therefore reversed out of the General Reserves Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5k) the Capital Receipts Reserve.

xiv) Inventories & Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long Term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

xv) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income or Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Reserves Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Reserves Balance. The gains and losses are therefore reversed out of the General Reserves Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvi) Landfill Allowance Schemes

The Landfill Allowances Scheme operates under the Landfill Allowances Scheme (Northern Ireland) Regulations 2005. Local Authorities are allocated annual target figures for the maximum amount of biodegradable municipal waste that can be sent to landfill but there are no tradable allowances. It is not a 'cap and trade' scheme since landfill allowances are not tradable. For this reason, landfill allowances are not recognised as assets on the Balance Sheet.

xvii) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Joint Committee as Lessee</u>

Finance Lease:

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Joint Committee are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Joint Committee is not required to raise finance to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the Comprehensive Income and Expenditure Statement, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

<u>The Joint Committee as Lessor</u>

Finance Leases

Where the Joint Committee grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Joint Committee's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease asset (long term debtor) together with any premiums received; and
- finance income (credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Reserves Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Reserves Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Reserves Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset (debtor). At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

Operating Leases

Where the Joint Committee grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii) Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Held for Sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as Held for Sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be decommissioned i.e. abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Reserves Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against General Reserves, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General

Reserves Balance in the Movement in Reserves Statement.

xix) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2023/24 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

xx) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

<u>Recognition</u>

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Joint Committee and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

<u>Measurement</u>

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Joint Committee does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Joint Committee. In the latter case, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Joint Committee.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserves Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:
- infrastructure, community assets and assets under construction – depreciated historical cost; and
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2008 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:
- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), with any excess charged to the Comprehensive Income and Expenditure Statement; and
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down with a charge to the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

The same accounting treatment is applied to revaluation losses as a result of a general fall in asset prices across the board as opposed to a consumption of economic benefit specific to an asset as is in the case of impairment losses.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is charged on a straight-line basis on each main class of tangible asset as follows:

- buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the valuer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 15 to 50 years.

- plant, vehicles and equipment (excluding IT equipment) are depreciated on historic cost using a standard life in the range of 5 to 10 years. IT equipment is depreciated using a standard life in the range of 3 to 5 years.

- a full year's depreciation is charged in the year of acquisition and none in the year of disposal.

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluations

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

xxi) Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. They would be held by this Joint Committee in pursuit of our overall objectives in relation to the maintenance of heritage.

At the end of this reporting period the Joint Committee does not carry any Heritage Assets.

xxii) Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – unobservable inputs for the asset or liability.

xxiii) Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Joint Committee may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense in the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Joint Committee settles the obligation.

xxiv) Reserves

The Joint Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Reserves Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Reserves Balance in the Movement in Reserves Statement so that there is no net charge against General Reserves for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Joint Committee – these reserves are explained in the relevant note to the accounts.

xxv) Charges to Revenue for Non-Current Assets

Charges to revenue for non-current assets e.g. services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the Joint Committee;
- revaluation and impairment losses on assets used by the Joint Committee where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets.

Depreciation, impairment losses and amortisations are replaced by minimum revenue provision in the General Reserves Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxvi) Value Added Tax

All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable.

xxvii) Insurance Policies

The authority has a range of Insurance Policies in place to meet its operational requirements and costs incurred are charged to the Comprehensive Income and Expenditure Statement.

The major policies in place are:

Employers Liability Insurance
Professional Indemnity Insurance
Public Liability Insurance
Business Interruption Insurance
Office Contents Insurance
Personal Accident and Travel Insurance
Commercial Legal Protection Insurance
Crime Insurance
Computer Insurance

The level and type of insurance in place to meet the operational needs of the authority is kept under review.

1b) Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

At present there are no issued but unadopted Accounting Standards directly applicable to arc21.

1c) Critical Judgements in Applying Accounting Policies

In applying accounting policies the Joint Committee may have to make certain judgements about complex transactions or those involving uncertainty about future events. However, there are no critical judgements required to be made in these Statement of Accounts.

1d) Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are no items in the Joint Committee's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year, but the following notes regarding the pension liability and arrears are presented for the reader's information:

i) Pensions Liability

An estimation of the net liability/assets to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consultant actuaries is engaged, in conjunction with NILGOSC, to provide the Joint Committee with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways and the figures, calculated by the consulting actuaries, are reflected in these Financial Statements.

ii) Provision For Bad Debts

At 31 March 2024, the Joint Committee made no provision for bad and doubtful debts. A review of the customer profile and the significant balances suggests that there is no material risk of non-collection of debtor balances.

2. Segmental Reporting Analysis

In accordance with the Code of Practice on Local Authority Accounting, the Comprehensive Income and Expenditure Statement should be supported by information on individual reportable segments presented within the notes. Reportable segments are based on the Joint Committee's internal management reporting, for example departments, directorates or portfolios.

For each reportable segment, an analysis of the income and expenditure for that segment (ie a subjective analysis) is presented, to include those items of income and expenditure that are reported as part of internal management reporting. This analysis may include items that do not form part of the Comprehensive Income and Expenditure Statement (for example, that statutory provision for the repayment of debt) and exclude items that do form part of the Comprehensive Income and Expenditure Statement (for example, depreciation).

Since the Joint Committee operates as one unit in a single geographical area it is not deemed necessary or appropriate to produce segmental reporting. For completeness, year-on-year comparisons are shown below:

Income/Expenditure	**2023/24**	**2022/23**
	£	**£**
Income from participating Councils	42,648,978	34,204,225
Government grants and contributions	0	0
Fees, charges and other service income	1,067,433	1,365,936
Interest and investment income	86,946	14,240
Surplus or deficit on associates and joint ventures	0	0
Total Income	**43,803,357**	**35,584,401**
Employee expenses	701,037	771,282
Other service expenses	43,251,849	35,095,987
Residual Waste Treatment Project Costs	74,161	210,875
Depreciation, amortisation and impairment	0	0
Interest payments	0	17,000
Total Expenditure	**44,027,047**	**36,095,144**
Other items	0	2,010
CONTINUING OPERATIONS	**(223,690)**	**(508,733)**

3. Adjustments between accounting basis and funding basis under regulations

	Notes	2023/24 £	2023/24 £	2022/23 £	2022/23 £
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Reserves Balance for the year:					
Impairments (losses & reversals) of non-current assets	*10a/10b*	0		0	
Derecognition (other than disposal) of non-current assets	*10a/10b*	0		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	*10a/10b*	0		0	
Depreciation charged in the year on non-current assets	*10a/10b,24a*	0	0	(2,010)	(2,010)
Net Revenue expenditure funded from capital under statute			0		0
Carrying amount of non-current assets sold	*10a/10b*	0		0	
Proceeds from the sale of PP&E, investment property and intangible assets	*24a,25*	0	0	0	0
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	*25*		0		0
Net charges made for retirement benefits in accordance with IAS 19	*20b*		95,000		196,000
Direct revenue financing of Capital Expenditure	*11,25*		0		0
Capital Grants and Donated Assets Receivable and Applied in year			0		0
Capital Grants Receivable and Unapplied in year			0		0
Adjustments in relation to Short-term compensated absences	*17*		0		0
Adjustments in relation to Lessor Arrangements			0		0
Provisions discount rate reserve adjustment	*25a/25b*		0		0
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Reserves Balance for the year:					
Statutory Provision for the financing of Capital Investment	*25a/25b*		0		0
Employers contributions payable to the NILGOSC Pension Fund and retirement benefits payable direct to pensioners	*20b*		(83,000)		(80,000)
			12,000		**113,990**

4. External Audit Fees

The Joint Committee has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Joint Committee's external auditors.

	2023/24	2022/23
	£	£
External Audit Fees	17,000	15,000
National Fraud Initiative Exercise	0	1,319
Other Fees	0	0
Total	**17,000**	**16,319**

The audit costs for 2023/24 are the projected costs as per the Audit Strategy.

There were no other fees payable in respect of other services by the appointed auditor over and above those described above.

5. Operating and Finance Leases

Operating Leases (Joint Committee as lessee)

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2023/24	2022/23
	£	£
Minimum lease payments	470	470
Contingent rentals	0	0
Less: Sublease payments receivable	0	0
Total	**470**	**470**

No sub-lease payments or contingent rent payments were made or received. No sub-lease income is expected as all assets held under operating lease agreements are used exclusively by the Joint Committee.
The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

	as at 31/3/24	as at 31/3/23
	£	£
Minimum lease rentals payable:		
No later than 1 year	470	470
Later than 1 year and no later than 5 years	0	470
Later than 5 years	0	0
	470	**940**

6. Employee Costs

6a) Staff Costs

	2023/24	2022/23
	£	£
Salaries and Wages	523,209	501,612
Employers National Insurance	59,013	61,235
Employers pension costs	100,815	109,435
Total Staff Costs Prior to IFRS Adjustments	683,037	672,282
IFRS Related Adjustments:		
Current Service Costs	101,000	179,000
Less Pension Cost – Contribution by the Employer	(83,000)	(80,000)
Total Staff Costs	**701,037**	**771,282**

In addition, agency costs during the year amounted to £59,013 (2022/23 £69,996).

6b) Average Number of Employees - where FTE represents full-time equivalent employees

	2023/24	2022/23
	FTE	FTE
Full-time numbers employed	8.4	9.0
Part-time numbers employed	0.8	0.8
Total	**9.2**	**9.8**

6c) Senior Employees' Remuneration

	2023/24	2022/23
Remuneration – current employees FTE at year-end	**Number**	**Number**
£60,001 to £70,000	0	0
£70,001 to £80,000	0	2
£80,001 to £90,000	1	0
£90,001 to £100,000	0	1
£100,000 to £110,000	1	0
Total	**2**	**3**

7. Operating Income and Expenditure

7a) Contract Income

The year on year analysis of contract income is shown below.

	2023/24	2022/23
	£	£
Antrim & Newtownabbey Borough Council	4,995,354	4,516,750
Ards & North Down Borough Council	7,043,857	6,952,644
Belfast City Council	13,974,378	7,786,235
Lisburn & Castlereagh City Council	6,445,243	5,666,601
Mid & East Antrim Borough Council	6,032,349	5,511,905
Newry, Mourne & Down District Council	3,163,797	2,810,089
Sub-Total (Participant Councils)	**41,654,978**	**33,244,224**
Other Contract Revenue	1,067,433	1,365,937
Total	**42,722,411**	**34,610,161**

7b) Contract Expenditure

The year on year analysis of contract expenditure is shown below.

	2023/24	2022/23
	£	£
Antrim & Newtownabbey Borough Council	361,940	161,233
Ards & North Down Borough Council	142,149	295,115
Belfast City Council	241,212	371,857
Lisburn & Castlereagh City Council	129,193	199,457
Mid & East Antrim Borough Council	77,756	85,675
Newry, Mourne & Down District Council	115,187	252,603
Sub-Total (Participant Councils)	**1,067,437**	**1,365,940**
Other Contract Expenditure	41,654,974	33,244,372
Total	**42,722,411**	**34,610,312**

7c) Surplus / (Deficit) on Non-Current Assets

	2023/24	2022/23
	£	£
Proceeds from sale	0	2,010
Carrying amount from non-current assets sold/disposed	0	0
Total	**0**	**2,010**

8. Financing and Investment Income and Expenditure

8a) Interest Payable and Similar Charges

	2023/24	2022/23
	£	£
Loan interest	0	0
Bank interest	0	0
Other interest	0	0
	0	**0**

8b) Interest and Investment Income

	2023/24	2022/23
	£	£
Current account interest	0	0
Short-term deposit interest	80,946	14,240
	80,946	**14,240**

8c) Pension Interest Cost

	2023/24	2022/23
	£	£
Net interest on the net defined benefit liability / (asset)	(6,000)	17,000
	(6,000)	**17,000**

8d) Summary of Financing and Investment Income & Expenditure

	2023/24			2022/23		
	Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
	£	£	£			£
Interest payable and similar charges	0	0	0	0	0	0
Interest and investment income	0	(80,946)	(80,946)	0	(14,240)	(14,240)
Pension interest cost / (income)		(6,000)	(6,000)	17,000	0	17,000
Total	**0**	**(86,946)**	**(86,946)**	**17,000**	**(14,240)**	**2,760**

9. Government Grants

The Joint Committee has not received any Government Grants in the current or the prior year.

10. Non Current Assets

10a) Non Current Assets Note – Current Year

	Land & Buildings	Infrastructure Assets	Property, Plant & Equipment	Assets Under Construction	Total
	£	£	£	£	£
Cost or Valuation					
At 1 April 2023	0	0	17,021	0	**17,021**
Revaluation	0	0	0	0	**0**
Additions	0	0	0	0	**0**
Transfers	0	0	0	0	**0**
Disposals	0	0	0	0	**0**
At 31 March 2024	**0**	**0**	**17,021**	**0**	**17,021**
Depreciation					
At 1 April 2023	0	0	17,021	0	**17,021**
Revaluation	0	0	0	0	**0**
Disposals	0	0	0	0	**0**
Transfers	0	0	0	0	**0**
At 31 March 2024	**0**	**0**	**17,021**	**0**	**17,021**
Net Book Value					
At 31 March 2024	**0**	**0**	**0**	**0**	**0**
At 31 March 2023	**0**	**0**	**0**	**0**	**0**

10b) Non Current Assets Note – Comparative Year

	Land & Buildings	Infrastructure Assets	Property, Plant & Equipment	Assets Under Construction	Total
	£	£	£	£	£
Cost or Valuation					
At 1 April 2022	0	0	38,166	0	**38,166**
Revaluation	0	0	0	0	**0**
Additions	0	0	0	0	**0**
Transfers	0	0	0	0	**0**
Disposals	0	0	(21,145)	0	**(21,145)**
At 31 March 2023	**0**	**0**	**17,021**	**0**	**17,021**
Depreciation					
At 1 April 2022	0	0	38,166	0	**38,166**
Revaluation	0	0	0	0	**0**
Disposals	0	0	(21,145)	0	**(21,145)**
Transfers	0	0	0	0	**0**
At 31 March 2023	**0**	**0**	**17,021**	**0**	**17,021**
Net Book Value					
At 31 March 2023	**0**	**0**	**0**	**0**	**0**
At 31 March 2022	**0**	**0**	**0**	**0**	**0**

11. Capital Expenditure and Capital Financing

The assets of arc21 are fully funded and therefore arc21 has no Capital Financing Requirement.

12. Future Capital Commitments

At the year ended 31 March 2024, arc21 had not signed any contract nor received any instruction to enter into any future capital commitments.

In relation to the Residual Waste Treatment Project, arc21 expect in the future, on the completion of the current procurement process, to be in a position to acquire land and property for the construction of facilities and road improvements to provide the necessary waste treatment services. Such acquisitions will be subject to independent professional advice from the Land and Property Services Agency of the Department of Finance and will be accounted for in the relevant financial year.

13. Inventories

There are no stock items other than immaterial items of stationery and computer consumables which are charged to the Income and Expenditure Account.

14. Debtors

Short Term Debtors:	2023/24	2022/23
	£	£
Government Departments	0	0
Councils	721,046	629,275
Grants	0	0
Value Added Tax	0	0
Prepayments	97,629	77,234
Other	338,047	334,204
less: provision for doubtful debts	0	0
Total	**1,156,722**	**1,040,713**

15. Cash and Cash Equivalents

	2023/24	2022/23
	£	£
Bank deposits	4,170,302	4,033,421
Current account	67,962	149,429
Petty cash	0	0
Total	**4,238,264**	**4,182,850**

16. Borrowing Re-Payable within a Period in Excess of One Year

The Joint Committee have not entered into any borrowing arrangements.

17. Creditors

17a) Short Term Creditors

Short Term Creditors:	2023/24	2022/23
	£	£
Government Departments	0	0
Councils	489,542	677,221
Receipts in advance	0	0
Trade creditors	4,001,464	3,460,203
Value Added Tax	71,946	54,344
Other	57,931	46,001
Total	**4,620,883**	**4,237,769**

17b) Payment of Invoices

In terms of payment of invoices to suppliers, arc21 has a target of complying with the contractual obligations entered into with each individual supplier which results in an obligation to pay invoices within 30 days. During the year, the Joint Committee paid 97% (94% in 2022/23) of supplier's invoices within this timescale.

During the year, arc21 paid 890 invoices (943 in 2022/23) with a total expenditure of £44.0m (£36.1m in 2022/23) (excluding VAT).

The Minister at the Department of Finance had previously reduced the target for the payment of invoices for central government departments to 10 days. This target is not mandatory on local government but arc21 endeavours to process invoices as quickly as possible within its contractual obligations whilst at the same time maintaining the correct stringent level of verification and checking that is required.

18. Provisions

The Joint Committee has no provisions.

19. Financial Instruments

The Joint Committee has no material exposure to any of the risk types identified below in its dealings with Financial Instruments.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Joint Committee's customers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Joint Committee. The provision for bad and doubtful debts reflects the Joint Committee's assessment of the risk of non-payment by trade debtors and, as such, there is no further additional estimated exposure to default and inability to collect.

Trade debtors, inclusive of VAT, can be analysed by age as follows:

	As at 31/3/24	As at 31/3/23
	£	**£**
Less than three months	1,053,747	542,338
Three to six months	102,975	498,375
Six months to one year	0	0
More than one year	0	0
Total	**1,156,722**	**1,040,713**

There is no historical experience of default in relation to deposits with banks and other financial institutions and therefore there is no estimated exposure to risk of default.

Liquidity Risk

As the Joint Committee has ready access to borrowings from the Department of Finance and Personnel Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. To date, the Joint Committee has not required the use of borrowing facilities.

Market Risk

<u>Interest rate risk</u>
The Joint Committee is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Further comment on this issue has been made in the Explanatory Foreword

<u>Foreign exchange risk</u>
The Joint Committee has no financial assets or liabilities denominated in foreign currencies and thus have no material exposure to loss arising from movements in exchange rates.

20. Retirement Benefits

20a) Participation in the arc21 Joint Committee Pension Fund

As part of the terms and conditions of employment of its officers and other employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Joint Committee participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. This is a funded scheme, meaning that the Joint Committee and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

20b) Transactions relating to retirement benefits - Comprehensive Income and Expenditure Statement Charges:

The Joint Committee recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Joint Committee is required to make against General Reserves is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the 'adjustments between accounting basis & funding basis under regulations' line, in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement in Reserves Statement during the year:

	2023/24	2022/23
	£	£
Net cost of services:		
Current service cost	101,000	179,000
Past service cost/(gain)	0	0
Gains and losses on settlements or curtailments	0	0
Net operating expenditure:		
Net interest on net defined benefit liability (asset)	(6,000)	17,000
Net charge to the Comprehensive Income and Expenditure Statement	**95,000**	**196,000**
Adjustments between accounting basis & funding basis under regulations:		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(95,000)	(196,000)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	83,000	80,000
Net charge to the Comprehensive Income and Expenditure Statement	**(12,000)**	**(116,000)**

The service cost figures include an allowance for administration expenses of £0.002m.

Remeasurement recognised in Other Comprehensive Income and Expenditure

	2023/24	2022/23
	£	£
Liability gains/(losses) due to change in assumptions	(200,000)	(1,961,000)
Liability experience gains/(losses) arising in the year	62,000	380,000
Actuarial gains/(losses) on plan assets	(262,000)	742,000
Total gains/(losses) recognized in Other	**(400,000)**	**(839,000)**

20c) Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2023/24	2022/23
	£	£
Balance as at 1 April	**4,488,000**	**5,862,000**
Current service cost	101,000	179,000
Interest cost	207,000	162,000
Contributions by members	31,000	28,000
Remeasurement (gains) and losses:		
- Actuarial losses/(gains) arising on liabilities from experience	62,000	380,000
- Actuarial losses/(gains) arising from demographic changes	(70,000)	23,000
- Actuarial losses/(gains) arising from changes in financial assumptions	(130,000)	(1,984,000)
Losses/(gains) on curtailments	0	0
Liabilities extinguished on settlements	0	0
Estimated unfunded benefits paid	0	0
Estimated benefits paid	(184,000)	(162,000)
Balance as at 31 March	**4,505,000**	**4,488,000**

Reconciliation of present value of the scheme assets:

	2023/24	2022/23
	£	£
Balance as at 1 April	**4,566,000**	**5,217,000**
Interest income	213,000	145,000
Contributions by members	31,000	28,000
Contributions by employer	83,000	80,000
Contributions in respect of unfunded benefits	0	0
Remeasurement gain/(loss)	262,000	(742,000)
Assets distributed on settlements	0	0
Unfunded benefits paid	0	0
Benefits paid	(184,000)	(162,000)
Balance as at 31 March	**4,971,000**	**4,566,000**

The Joint Committee has been advised by the consulting actuary, Aon Hewitt Limited, that the return on the Fund in market value terms for the year to 31 March 2024 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. The overall Fund return over the accounting period has been calculated as 10.5% gain (7.7% loss in 2022/23).

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £475k (£597k loss in 2022/23).

Fair Value of Plan Assets

	31/03/2024	31/03/2023	31/03/2022
	£	£	£
Equity investments	2,173,000	1,826,000	2,416,000
Government Bonds	865,000	941,000	1,231,000
Property	482,000	511,000	464,000
Cash	278,000	297,000	277,000
Corporate Bonds	209,000	137,000	631,000
Other	964,000	854,000	198,000
	4,971,000	**4,566,000**	**5,217,000**

The above asset values are at bid value as required by IAS 19.

The Joint Committee's share of the Net Pension Liability (included in the Balance Sheet):

	31/03/2024	31/03/2023	31/03/2022
	£	£	£
Fair Value of Employer Assets	4,971,000	4,566,000	5,217,000
Present value of funded liabilities	(4,505,000)	(4,488,000)	(5,862,000)
Net (Under)/Overfunding in Funded Plans	**466,000**	**78,000**	**(645,000)**
Present value of unfunded defined benefit obligation	0	0	0
Adjustment gain / (loss) due to restriction of surplus	(363,000)	0	0
Net Asset/(Liability) arising from the defined benefit obligation	**103,000**	**78,000**	**(645,000)**
Amount in the Balance sheet:			
Liabilities	0	0	(645,000)
Assets	103,000	78,000	0
Net Asset/(Liability)	**103,000**	**78,000**	**(645,000)**

20d) Scheme History

Analysis of Scheme Assets and Liabilities

	31/03/2024	31/03/2023	31/03/2022
	£	£	£
Fair Value of Assets in pension scheme	4,971,000	4,566,000	5,217,000
Present Value of Defined Benefit Obligation	(4,505,000)	(4,488,000)	(5,862,000)
Surplus/(deficit) in the Scheme	**466,000**	**78,000**	**(645,000)**

Amount recognised in Other Comprehensive Income and Expenditure

	31/03/2024	31/03/2023	31/03/2022
	£	£	£
Actuarial gains/(losses)	37,000	839,000	649,000
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	0	0	0
Actuarial gains/(losses) recognised in Other Comprehensive Income and Expenditure	37,000	839,000	649,000
Cumulative actuarial gains and losses	**293,000**	**256,000**	**(583,000)**
History of experience gains and losses:			
Experience gains and (losses) on assets	(262,000)	742,000	264,000
Experience gains and (losses) on liabilities	62,000	380,000	(11,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £4,505,000 together with an adjustment loss of £363,000 due to restriction of surplus, has a substantial impact on the net worth of the Joint Committee as recorded in the Balance Sheet and when offset against the scheme assets of £4,971,000, resulting in a net asset of £103,000.

However, statutory arrangements for funding the deficit mean that the financial position of the Joint Committee remains healthy. The deficit on the NILGOSC Pension Fund should be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary and approved by the Department for Communities.

Analysis of Projected Amount to be Charged to the Comprehensive Income and Expenditure Statement for the Year to 31 March 2025

	2024/25	2024/25
	£	As % of pensionable pay
Projected current cost	98,000	21.6%
Interest on the net defined benefit liability / (asset)	(7,000)	-1.5%
Past service cost	0	0.0%
Total	**91,000**	**20.10%**

The total contributions expected to be made to the arc21 Joint Committee (NILGOSC) Pension Fund by the Joint Committee in the year to 31 March 2025 is £86,000.

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve 2023/24 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2024.

	31/03/2024	31/03/2023	31/03/2022
	%	%	%
Experience gains and (losses) on Assets	-5.3%	16.3%	5.1%
Experience gains and (losses) on Liabilities	-1.4%	-8.5%	0.0%

20e) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years is dependent on assumptions about mortality rates, salary levels, etc. The Joint Committee's Fund liabilities have been assessed by Aon Hewitt, an independent firm of actuaries, estimates for the Joint Committee Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2022.

	31/03/2023	31/03/2022
Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	21.7 years	22.2 years
Women	24.6 years	25.0 years
Longevity at 65 for future pensioners:		
Men	22.7 years	23.2 years
Women	25.6 years	26.0 years
Inflation/Pension Increase Rate	2.60%	2.70%
Salary Increase Rate	4.10%	4.20%
Expected Return on Assets	4.10%	2.80%
Discount Rate	4.80%	4.70%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

20f) Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these financial statements are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2024 and the projected service cost for the period ending 31 March 2025 is set out below.

In each case, only the assumption noted below is altered; all other assumptions remain the same and are summarised in the disclosure above.

Funded Pension Scheme Benefits

Discount Rate Assumption			
Adjustment to discount rate	**+0.1% p.a.**	**Base Figure**	**-0.1% p.a.**
Present value of the total obligation (£m's)	4.442	4.505	4.568
% change in the present value of the total obligation	-1.4%		1.4%
Projected service cost (£m's)	0.095	0.098	0.101
Approximate % change in projected service cost	-3.2%		3.2%

Rate of General Increase In Salaries			
Adjustment to salary increase rate	**+0.1% p.a.**	**Base Figure**	**-0.1% p.a.**
Present value of the total obligation (£m's)	4.510	4.505	4.500
% change in the present value of the total obligation	0.1%		-0.1%
Projected service cost (£m's)	0.098	0.098	0.098
Approximate % change in projected service cost	0.0%		0.0%

Rate of Increase to Pensions in Payment and Deferred Pension Assumptions			
Adjustment to pension increase rate	**+0.1% p.a.**	**Base Figure**	**-0.1% p.a.**
Present value of the total obligation (£m's)	4.564	4.505	4.446
% change in the present value of the total obligation	1.3%		-1.3%
Projected service cost (£m's)	0.101	0.098	0.095
Approximate % change in projected service cost	3.2%		-3.2%

Post Retirement Mortality Assumption			
Adjustment to pension increase rate	**-1 year**	**Base Figure**	**+1 year**
Present value of the total obligation (£m's)	4.622	4.505	4.388
% change in the present value of the total obligation	2.6%		-2.6%
Projected service cost (£m's)	0.101	0.098	0.095
Approximate % change in projected service cost	3.5%		-3.5%

20g Major Categories of Plan Assets as Percentage of Total Plan Assets

The arc21 Joint Committee (NILGOSC) Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	31/03/2024	**31/03/2023**	**31/03/2022**
	%	**%**	**%**
Equity investments	43.7	40.0	42.9
Government Bonds	17.4	20.6	24.7
Multi Asset Credit	13.3	13.3	13.1
Property	9.7	11.2	10.0
Cash	5.6	6.5	4.0
Corporate Bonds	4.2	3.0	2.2
Other	6.1	5.4	3.1
	100.0	**100.0**	**100.0**

21. Donated Assets Account

There are no donated assets.

22. Capital Grants Received In Advance

All capital grants received for the purchase of fixed assets are taken to the Government Grants Deferred Account, and this amount is written off to the General Reserves - Income and Expenditure Account over the useful life of the asset. There were no transactions in relation to Deferred Grants during the year.

23. Contingencies

Residual Waste Treatment Project
The Joint Committee has, with the approval of the Participant Councils, entered into a Contingent Liability Undertaking with the bidding consortium in the procurement for the Residual Waste Treatment Project. Payments made, if any, in accordance with this undertaking will be funded by the Participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

Legal Challenge
A legal challenge was made in 2023 to a new contract award which is currently being defended by arc21. Any material financial effect is considered uncertain as the legal process will continue into 2025.

24a) Analysis of Adjustments to Surplus/Deficit for the year

		2023/24	2022/23
	Note	**£**	**£**
Adjustment to surplus for noncash movements			
Depreciation	***3,10***	0	0
(Increase)/Decrease in debtors		(116,009)	722,631
Increase/(Decrease) in creditors		383,115	584,448
Payments to Pension Fund		12,000	116,000
Carrying value of non-current assets disposed		0	0
		279,106	**1,423,079**
Adjustment for items included in the net surplus that are investing and financing activities			
Proceeds from sale of PP&E, investment property and intangible assets		0	2,010
		0	**2,010**

24b) Cash and Cash Equivalents

	2023/24	2022/23	2021/22
	£	£	£
Cash and Bank Balances	67,962	149,429	25,439
Short Term Deposits	4,170,302	4,033,421	3,243,065
Total	**4,238,264**	**4,182,850**	**3,268,504**

The Joint Committee classes liquid resources as short-term deposits, which do not have a fixed-term investment date. Only current asset investments are included.

The level of cash balances held are directly related to the level of contracting activity and Participant Councils are invoiced in advance for the main contracts to ensure that sufficient cash is available to meet the contractual requirements of arc21, which run at around £4.3m per month (inclusive of VAT). The level of cash held at the year end is deemed to be prudent to meet the short term obligations of the organisation and represents 9.7% (2022/23 11.8%) of total income.

24c) Cash Flow Statement – Operating Activities

	2023/24	2022/23
The cash flows from operating activities include:	**£**	**£**
Interest received	80,946	14,240
Interest paid	0	0

24d) Cash Flows from Investing Activities

	2023/24	2022/23
	£	**£**
Purchase of PP&E, investment property and intangible assets	-	-
Purchase of Short Term Investments	-	-
Purchase of Long Term Investments	-	-
Other Payments for Investing Activities	-	-
Proceeds from the sale of PP&E, investment property and intangible assets	-	(2,010)
Proceeds from Short Term Investments	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	-	-
Other Receipts from Investing Activities	-	-
Total	**-**	**(2,010)**

24e) Cash Flows from Financing Activities

None.

25a) Analysis of Movement on Reserves – Current Year

	Note	Capital Receipts Reserve	General Reserves	TOTAL USABLE RESERVES	Capital Adjustment Account	Pensions Reserve	Accumulated Absences Account	TOTAL UNUSABLE RESERVES	TOTAL RESERVES
		USABLE RESERVES			UNUSABLE RESERVES				
		£	£	£	£	£	£	£	£
	Note	*26a)*	*26f)*		*26g)*	*26k)*	*26m)*		
At 1 April 2023		2,010	983,784	**985,794**	0	78,000	0	**78,000**	**1,063,794**
Movements during the year:									
Direct Revenue Financing	*3,11*			**0**				**0**	**0**
Depreciation & impairment adjustment	*3*			**0**				**0**	**0**
Surplus/(Deficit) on the Provision of Services			(223,691)	**(223,691)**				**0**	**(223,691)**
Transfers between Earmarked Reserves and General Reserves				**0**				**0**	**0**
Net movements on Pension Reserve	*3,20*		12,000	**12,000**		(12,000)		**(12,000)**	**0**
Disposal of Fixed Assets/Capital Sales	*3,10*			**0**				**0**	**0**
Capital Receipts used to finance capital expenditure	*3,11*			**0**				**0**	**0**
Revaluation	*10,20*			**0**		37,000		**37,000**	**37,000**
Other Movements				**0**				**0**	**0**
Total movements on reserves during the year (Change in Net Worth)		**-**	**(211,691)**	**(211,691)**	**-**	**25,000**	**-**	**25,000**	**(186,691)**
At 31 March 2024		**2,010**	**772,093**	**774,103**	**0**	**103,000**	**0**	**103,000**	**877,103**

25b) Analysis of Movement on Reserves – Comparative Year

		USABLE RESERVES			UNUSABLE RESERVES				
		Capital Receipts Reserve	General Reserves	TOTAL USABLE RESERVES	Capital Adjustment Account	Pensions Reserve	Accumulated Absences Account	TOTAL UNUSABLE RESERVES	TOTAL RESERVES
		£	£	£	£	£	£	£	£
	Note	*26a)*	*26f)*		*26g)*	*26k)*	*26m)*		
At 1 April 2022		0	1,378,527	**1,378,527**	0	(645,000)	0	**(645,000)**	**733,527**
Movements during the year:									
Direct Revenue Financing	*3,11*			**0**				**0**	**0**
Depreciation & impairment adjustment	*3*			**0**				**0**	**0**
Surplus/(Deficit) on the Provision of Services			(508,733)	**(508,733)**				**0**	**(508,733)**
Transfers between Earmarked Reserves and General Reserves				**0**				**0**	**0**
Net movements on Pension Reserve	*3,20*		116,000	**116,000**		(116,000)		**(116,000)**	**0**
Disposal of Fixed Assets/Capital Sales	*3,10*	2,010	(2,010)	**0**				**0**	**0**
Capital Receipts used to finance capital expenditure	*3,11*			**0**				**0**	**0**
Revaluation	*10,20*			**0**		839,000		**839,000**	**839,000**
Other Movements				**0**				**0**	**0**
Total movements on reserves during the year (Change in Net Worth)		**2,010**	**(394,743)**	**(392,733)**	**-**	**723,000**	**-**	**723,000**	**330,267**
At 31 March 2023		**2,010**	**983,784**	**985,794**	**0**	**78,000**	**0**	**78,000**	**1,063,794**

26a) Capital Receipts Reserve

These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement (or used for other purposes permitted by statute).

26b) Capital Grants Unapplied account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

26c) Capital Fund

The Joint Committee has no transactions that would require the use of this reserve.

26d) Renewal and Repairs Fund

The Joint Committee has no transactions that would require the use of this reserve.

26e) Other Balances & Reserves

The Joint Committee has no transactions that would require the use of this reserve.

26f) General Reserves

This reserve shows the accumulated resources which have not been assigned to a special purpose reserve and are therefore available to meet general future expenditure requirements. It is credited with income received less the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

26g) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to an historic cost basis.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2008, the date that the Revaluation Reserve was created to hold such gains.

The purpose of this account is to aggregate the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the General Reserves for principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements. The account is also debited with an amount equal to the carrying amount of assets held at historic cost when they are disposed of. If the asset disposed of was held at current value, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

26h) Financial Instruments Adjustment Account

The Joint Committee has no transactions that would require the use of this reserve.

26i) Revaluation Reserve

The Joint Committee has no transactions that would require the use of this reserve.

26j) Available-for-Sale Financial Instruments Adjustment Reserve

The Joint Committee has no transactions that would require the use of this reserve.

26k) Pension Reserve

Please refer to note 20 – Retirement Benefits.

26l) Deferred Capital Receipts Account

The Joint Committee has no transactions that would require the use of this reserve.

26m) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Comprehensive Income and Expenditure Statement from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are expected to require that the impact on the Comprehensive Income and Expenditure Statement is neutralised by transfers to or from this Accumulated Absences Account.

27. Significant Trading Operations

The Joint Committee is not engaged in any significant trading operations.

28. Agency Services

The Joint Committee is not engaged in the provision of agency services.

29. Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the Joint Committee or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Joint Committee and Trade Unions in the course of their normal dealings with the Joint Committee. In addition, where the relationship with the Joint Committee and the entity is solely that of an Agency (see note 28) these are not deemed to be Related Party Transactions.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows:

- Councillors have direct control over the Joint Committee's financial and operating policies. In the 2023/24 financial year the Joint Committee did not commission any works and services from companies in which Councillors had an interest.

- The Joint Committee did not pay grants to any organisations in which Councillors and Council officers had an interest.

- The Joint Committee provides support to the Participant Councils in relation to the procurement and management of waste related contracts and services.

- The Establishment Costs of arc21 are recharged to the Participant Councils on a population basis. The amounts paid by member councils, as reflected in the Comprehensive Income and Expenditure Statement is shown below.

Name	2023/24 £	2022/23 £
Antrim & Newtownabbey Borough Council	128,068	123,688
Ards & North Down Borough Council	144,366	139,428
Belfast City Council	305,121	294,684
Lisburn & Castlereagh City Council	130,473	126,010
Mid & East Antrim Borough Council	124,150	119,903
Newry, Mourne & Down District Council	161,822	156,287
Total	**994,000**	**960,000**

- Waste related services are charged to individual councils on a per-tonne or on a units-bought basis depending on the specific contract or service provided. The value of these transactions is detailed out in note 7.

- The year-end balances owed between arc21 and the Participant Councils are split out in note 14 (debtors) and in note 17a (creditors).

- The offices of arc21 in Belfast Castle are rented from Belfast City Council. The Joint Committee also purchases various services from Belfast City Council such as IT Support, Legal Services and Internal Audit Services.

30. Events After the Reporting Period

Nothing to report.

Date of Authorisation For Issue

The Chief Financial Officer authorised these financial statements for issue on 26/09/2024.