



ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 March 2011



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Executive Summary

2010/11 was another successful year for arc21 with notable achievements across a range of areas.

Governance & Organisation

- The high standards set in previous years were maintained.
- The established staff complement remained in place throughout the year.
- The Audit Committee met quarterly.
- The management of risk continued to be a priority activity.
- KPIs to monitor performance across four areas: customers, finance, process / contracts and people were reported.

Operations

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

Annual associated Business Objectives for each Strategic Objective are established each year within the Corporate Plan framework. A total of 54 associated Business Objectives were established for the period 2009/2010, 45 of which were fully delivered.

Other achievements included:

- 2010/11 was the ninth year in succession that the amount of household waste recycled or composted increased, it now stands at 37.5%, up 2.5%.
- The average amount of waste produced per household also fell for the ninth year running; it now stands at 1.12 tonnes.
- There was a year-on-year reduction in landfill of 5.88%.
- Savings to Local Councils remained in excess of £4m per annum.
- Annual Performance Reports and the Implementation Action Plan were both submitted to the Department of the Environment.
- Quarterly 'Wasteflowdata' reports continue to be submitted to the Department of the Environment.
- Overarching procurement policy developed and enhanced tender opening procedures adopted.
- Two editions of arc21's 'Wasteline' magazine were published during the year.
- CA/HWRC site Informative issued to councils.
- arc21's mobile education vehicle continued to be very popular, visiting over 200 different locations.
- The Business Continuity Plan produced during 2009/2010 was the subject to a test exercise during the year and some minor amendments made to the plan.
- Responses submitted to 15 consultations relating to arc21's remit.

- Extensive engagement with stakeholders ranging from Government to contractors to the waste industry.
- Successful market engagement exercise for the new Bring site contract undertaken during the year.
- arc21 conference held in the waterfront Hall, Belfast in February 2011.

The Residual Waste Treatment Project

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

The Invitation to Submit Detailed Submissions (ISDS) phase of the procurement was successfully completed during 2010/11. Towards the end of the year one bidder withdrew from the competition to leave one remaining bidder. Procurement process continuing with due regard to relevant guidance produced by HM Treasury OGC and DFP.

Finance

Turnover for 2010/11 rose again to £34.4m. This growth was due to significant developments in contracting waste facilities, increases to the Landfill Tax escalator and, latterly, the stepped increase in procurement activity for the Residual Waste Treatment Project.

Expenditure also rose to £33.7m resulting in a surplus of £667,887 for the year to March 2011.

The 2010/11 financial results reflect an overall satisfactory position for arc21. Once again the cash position remained strong and arc21 has been able to increase the level of its reserves, providing the organisation with the ability to meet future financial challenges in the waste sector.

Chairman's Welcome

In my welcome last year, I made reference to a number of issues:

- Continuing reduction in the amount of waste produced;
- Increase in the recycling rate;
- The importance of education and awareness activities; and
- Improving the knowledge base of Officers and Councillors and keeping abreast of developments.

My comments then continue to resonate now as I look back on 2010/11.

The amount of waste produced by householders has again reduced. The difficult economic times experienced by us all is undoubtedly having an effect on the amount of waste being generated. However, we should not underestimate the effect and influence that the education and awareness activities are also having. arc21 and the councils never miss an opportunity to reinforce the “reduce, reuse and recycle” message.

Once again the recycling rate across arc21 has increased. However there is no room for complacency and sustaining increasing rates in the future presents a more difficult challenge to us all. It is incumbent on everyone to rise to this challenge and play their part to the full.

The high standard of internal engagement of Council Officers and Elected Members has been recognised independently on a number of occasions particularly in the gateway reviews during the appropriate stages of the Residual Waste Treatment Project. During 2010/11, the highlight was the arc21 conference in the Waterfront Hall and all the attendees greatly benefited from the information imparted from the variety of eminent speakers.

arc21 is firmly established in the local government family and has earned a reputation as being a model for collectively working within this fraternity. I often receive positive comments from colleagues in other administrations and this is testimony to the dedication and hard work of everyone involved with arc21.

As we go into 2011/12 it is likely that the membership of Joint Committee will change as a result the council elections in May 2012. I wish to take this opportunity to thank all the current members of the Joint Committee for their contribution over the years. In looking to the future I'm confident that the new Joint Committee will continue the good work and will benefit from the freshness that new members can bring to the organisation.

Alderman Hubert Nicholl
Chair of arc21 Joint Committee

Chief Executive's Foreword

As in previous years, 2010/11 proved to be a year that provided a number of challenges and again as with previous years, arc21 successfully progressed through the challenges.

The Residual Waste Treatment Project represents the largest value contract that is likely to be procured by local government in Northern Ireland. We continue to make steady progress with the project completing the Invitation to Submit Detailed Solutions (ISDS) phase of the procurement process. This is a complex project with a wide range of aspects which are interrelated. Balancing these aspects is a particularly challenging task but the project team have demonstrated a high degree of adroitness in tackling the issues in a professional way.

We continued to undertake our procurement and contract management activities above the standard necessary to achieve Centre of Procurement Excellence. We remain committed to delivering a consistent high level of service to our councils and have explored all options to attain recognition of this. We concluded in the first instance it would be appropriate to apply for ISO 9001 accreditation and have commenced the work necessary to achieve this in 2011/12.

Northern Ireland is particularly prone to litigious actions as can be evidenced in the ever increasing case law being reported. The scale, nature and scope of procurement as well as the subsequent contract management activities of arc21 means it is important that arc21 takes appropriate steps to protect its interests. Accordingly the provision of specialist legal advice through the services of an experienced law firm has been secured following a procurement exercise.

In looking to the future of waste management, obligations following the revised Waste Framework directive will present challenges to both the public and private sector. We will see:

- Increasing significance given to waste prevention;
- Enhanced adherence to the waste hierarchy;
- Introduction of recycling targets; and
- Emphasis on high quality recycling,

The major challenge we will face is the development and implementation of the practical measures necessary to deliver the objectives. It will demand a more holistic approach to resource management necessitating a higher level of partnership working at all levels.

arc21 is well placed to meet the challenges of the future. 2010/11 was a busy year, 2011/12 is likely to be busier.

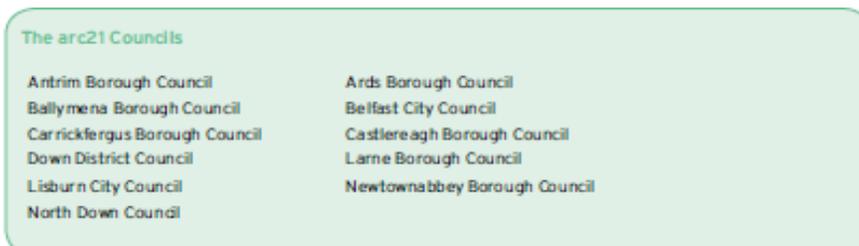
John R Quinn
Chief Executive

Corporate Overview

History & Constitution

arc21's origins can be traced back to 1999 when a number of Council representatives agreed that a joint approach was the most effective way to deliver a successful waste management strategy for the region.

By 2000, 11 Councils had joined together to form the Eastern Region Waste Management Group, which was renamed arc21 shortly thereafter.



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

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

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

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

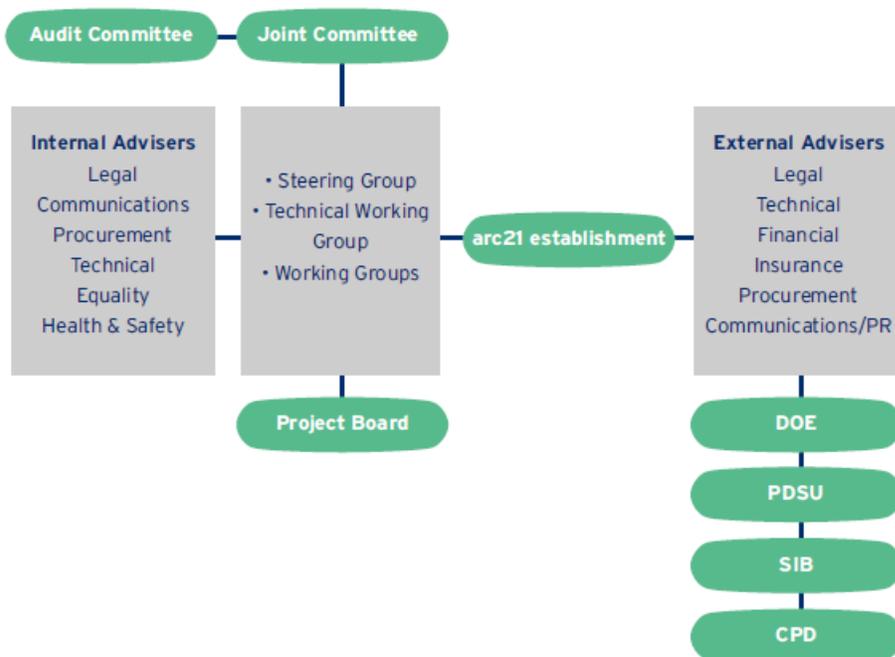
arc21's activities are governed by a Collaboration Agreement signed by its constituent Councils in July 2003 which includes a Statement of Principles providing the overarching operating framework. The operations are presided over by a Joint Committee comprising of two elected members from each of arc21's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

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

CORPORATE AND GOVERNANCE DEVELOPMENTS 2009/10

1. Governance Structure

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



2. Joint Committee

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

FULL LIST OF JOINT COMMITTEE MEMBERS (31 MARCH 2011)

Antrim Borough Council	Alderman Mervyn Rae
Antrim Borough Council	Councillor Oran Keenan
Antrim Borough Council (substitute)	Councillor Danny Kinahan
Ards Borough Council	Councillor Robin Drysdale
Ards Borough Council	Alderman Robert Gibson
Ards Borough Council (substitute)	Councillor Jim McBriar
Ballymena Borough Council	Alderman James Alexander
Ballymena Borough Council	Alderman Hubert Nicholl (Chair)
Ballymena Borough Council (substitute)	Councillor James Currie
Belfast City Council	Councillor Ian Adamson
Belfast City Council	Councillor Mervyn Jones
Belfast City Council (substitute)	Councillor David Rodway
Belfast City Council (substitute)	Councillor Chrissie Mhic Giolla Mhin
Carrickfergus Borough Council	Councillor Darin Ferguson
Carrickfergus Borough Council	Councillor Patricia McKinney
Carrickfergus Borough Council (substitute)	Councillor James Brown
Carrickfergus Borough Council (substitute)	Councillor Isobel Day
Castlereagh Borough Council	Councillor Jack Beattie
Castlereagh Borough Council	Councillor Gareth Robinson
Castlereagh Borough Council (substitute)	Councillor Anne Beattie
Castlereagh Borough Council (substitute)	Councillor Geraldine Rice
Down District Council	Councillor Peter Craig
Down District Council	Councillor Edward Rea
Down District Council (substitute)	Councillor Peter Fitzpatrick
Down District Council (substitute)	Councillor Robert Burgess
Larne Borough Council	Councillor Michael Lynch
Larne Borough Council	Councillor Winston Fulton (Vice Chair)
Larne Borough Council (substitute)	Councillor John Matthews

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

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

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

Alderman Hubert Nicholl and Councillor Winston Fulton were re-elected to the posts of Chairman and Vice Chairman respectively, at the arc21 AGM in September 2010.

3. Governance Framework

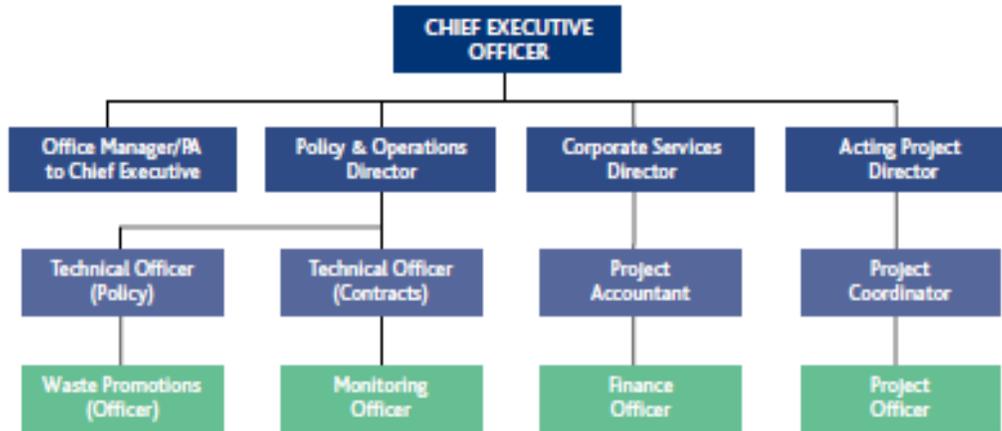
The organisational structure follows that outlined on page nine with the prime body being the Joint Committee. The Joint Committee meets on a monthly basis to consider various reports presented to it and minutes of each meeting are posted on arc21's website.

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



4. Establishment Structure and Staff

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



5. Audit Committee

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

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

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

6. Risk Management

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

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

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

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

- **an annual review of the effectiveness of the Internal Audit Function; and**
- **an annual review of the effectiveness of the Audit Committee.**

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

7. Other Governance Issues

During the year 2010/11 a number of required improvements to the overall governance framework were identified and action was taken to address these issues.

In terms of funding for the Residual Waste Treatment Project, the Department published its Comprehensive Spending Review 2011-15 which identified significant reductions in grant support for all three major waste infrastructure projects in Northern Ireland.

As a consequence, arc21 have been developing a Finance Strategy to deal with the potential for grant funding to be reduced specifically for the Project and also took the opportunity to incorporate a more comprehensive approach to funding other future waste infrastructure projects on behalf of Constituent Councils.

In terms of funding for the Project during the year, arc21 undertook regular reviews of the expenditure needs of the Residual Waste Treatment Project and was in regular contact with the Department of the Environment to ensure that the funding requirements of the project were maximised through the provision of the grant assistance schemes in place.

In terms of significant governance issues impacting on the procurement for the Residual Waste Treatment Project, there were a number of challenges impacting on the Project throughout the year. These matters were dealt with on an ongoing basis in conjunction with our specialist team of advisors, the Department, who are the sponsors of the waste infrastructure programme, and member councils.

Over the coming year it is proposed to take steps to address the above matters to further enhance our governance arrangements and ensure continuing compliance. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Operational Overview

PROGRESS AGAINST CORPORATE PLAN

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

Annual Associated Business Objectives for each Strategic Objective are established each year within the Corporate Plan framework. A total of 54 Associated Business Objectives were established to cover the period 2010/2011.

Progress against each of these actions is characterised as follows:

Action Fully Achieved	
Action Partially Achieved	
Action Not Delivered	

OBJECTIVE 1

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

Planned Outcome

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

Aims and Actions for 2009/2012

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

4. Submit relevant Annual Performance Reports to the Department of the Environment including monitoring review and intervention procedures.

Associated Business Objectives 2010/11

1. Develop a project programme pertaining to a review of the Waste Management Plan.
2. Produce an Annual Performance Report for submission to the Department of the Environment.
3. Produce an Implementation Action Plan for submission to the Department of the Environment.
4. Produce an overarching Annual Report and Financial Statements for all stakeholders.
5. Ensure that quarterly Wastedataflow returns are processed by arc21 within prescribed timeframes.
6. Continue to engage with the Department of the Environment and DEFRA in connection with the transposition and implementation of the revised Waste Framework Directive.
7. Complete and submit responses to relevant consultations papers before closing dates.
8. Continue to develop Procurement Policies compatible with the Waste Management Plan and its implementation.
9. Continue to produce and disseminate appropriate guidance on applicable best practice to Councils.

Commentary

A project programme was developed for the review of the Waste Management Plan in March 2011, however, the schedule cannot be finalised until greater clarity emerges in terms of a review of the National Waste Strategy.

A total of 44 quarterly wastedataflow returns were made by arc21 during 2009/2010 of which only one was submitted shortly after the due deadline. This was due to a late return by a council to arc21 shortly after the due deadline date.

arc21 responded to 15 consultations throughout the year. The subject matter covered all aspects and functions relating to work undertaken by arc21 such as technical and policy issues in the waste and energy fields, planning, procurement and contract vires, governance and financial arrangements. Specific consultations included the transposition of the revised Waste Framework Directive, Disposal of Low Level Radioactive Waste, Changes to the Northern Ireland Renewable Obligations, Local Government Finance Bill, the Belfast International Airport Control Over Land and the DOE budget.

An overarching Procurement Policy was drafted as was a revised tender opening procedure.

A new document was produced which contained comprehensive information on all the Civic Amenity Sites/ Household Waste Recycling Centres in the arc21 area. This was distributed to all councils.

OBJECTIVE 2

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

Planned Outcome

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

Aims and Actions for 2009/2012

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

Associated Business Objectives 2010/11

1. Maintain progress with the procurement of the services pertaining to the treatment of residual waste programme including completion of the ISDS stage.
2. Maintain progress with the various strands of work conducted in parallel to the residual waste treatment procurement process to facilitate timely delivery of facilities. e.g. assimilation of data to inform Environmental Impact Statements etc.
3. Continue to engage with the Department of the Environment, Programme Delivery Support Unit and Strategic Investment Board in support of the residual waste treatment project.

4. Continue incremental implementation of contractual arrangements for treating organic waste as agreed with constituent Councils and the Contractor.
5. Ensure the applications for planning permission for the transfer stations associated with the haulage of organic waste are processed by the Planning Service.
6. Ensure the application for planning permission for the organic waste treatment facility at Dargan Road, Belfast is submitted to the Planning service.
7. Continue to manage operational contracts e.g. Materials Recovery Facility, Landfill, Bring Sites, Organic Treatment etc.
8. Procure the annual supplies contract for the purchase of various waste containers and liners.
9. Procure the service contract pertaining to the haulage of waste.
10. Procure the general service pertaining to specialist procurement and contract legal advisers.
11. Ensure that the financial planning for the organisation is in line with the organisation objectives.
12. Continue with the risk audit regime for all contracts.

Commentary

Steady progress on RWTP was maintained throughout 2010/11. Following the formal issuing of the Invitation to Submit Detailed Solutions (ISDS), two submissions were received by the closing date in October. The subsequent withdrawal from the process did not stop the process from continuing but will necessitate the development of protocols and procedures to ensure validation of value for money in the final solution offered.

Background work on baseline information to inform any future planning application continued throughout the year.

Regular bilateral meetings were individually held with representatives from the Department of the Environment (DoE) and the Programme Delivery Support Unit (PDSU).

Progress continued with the contractual arrangements for treating organic waste including the processing of planning permission for the transfer stations. However, a full planning application for the waste treatment facility at Dargan Road was not able to be submitted as additional work on the assimilation of baseline information had been identified as being required by the authorities. This work continues alongside discussion with the Planning Service and other authorities as part of the PAD process.

During the year, the interim organic waste treatment facility was successful in obtaining PAS 100 accreditation which reflected contract requirements.

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

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

Landfill - 314,553 tonnes; which is a 5.88% reduction from 2009/10

MRF - 36,469 tonnes; which is a 4.05% reduction from 2009/10

Bring sites - 9,222 tonnes; which is a 1.86% reduction from 2009/10

Organics - 85,484 tonnes; which is an increase of 35.5% increase from 2009/10

New annual contracts for supplies e.g. bins, caddy liners etc were successfully procured as was a service contract for the haulage of waste. In addition a specialist legal advisor on procurement and contract management was also appointed following a competitive exercise.

A tender exercise for service suppliers in connection with the collection and processing of material from Bring Sites was also completed to enable continuity of service from the 1 April 2011. Following extensive engagement, a different configuration of service provision from that previously in place was required in the tender documents. This resulted in a proposed enhanced level of service allied at more economically advantageous rates. In general, 2010/11 proved to be a financially challenging year, but the results reflect a satisfactory position as outlined in the annual Abstract of Accounts.

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

OBJECTIVE 3

To strengthen arrangements with all stakeholders which contributes to effective and efficient waste management.

Planned Outcome

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

Aims and Actions for 2009/2012

1. Continue to provide a central conduit for interaction with government departments and agencies on issues of mutual interest.

2. Continue to work with other local government bodies e.g. NILGA, SOLACE, TAG & other Waste Management Groups on issues of mutual interest.
3. Continue to engage with Non Government Organisations (NGO's), professional bodies, trade organisations, pressure groups and other similar groups on matters of mutual interest.
4. Forge robust relationships with private sector partners including existing and potential service providers.
5. Participate in forums established to address strategic and policy issues.
6. Implement engagement with other strategic bodies in the UK and Europe e.g. other waste management partnerships.

Associated Business Objectives 2010/11

1. Continue to attend and participate in the various arc21 Council Officer forums e.g. Audit Committee, Steering Group, Technical Working Group, Finance Officers Group and Recycling Officers Group.
2. Initiate arrangements to facilitate closer liaison with and between Council Operational Staff.
3. Continue to ensure the membership of the Project Board for the residual waste project reflects an inclusive approach to delivery of the project and that it meets with sufficient regularity to facilitate appropriate progress with the programme.
4. Participate in the various national forums associated with the delivery of infrastructure e.g. Waste Infrastructure Programme Board (WIPB).
5. Participate in existing or newly established forums associated with the implementation of the Northern Ireland Waste Management Strategy e.g. Strategic Waste Board, Waste Programme Steering Group and Learning & Communication Forum.
6. Continue to interact with the Joint Committee, Ministers, MEP's, MP's, MLA's and Councillors in pursuance of arc21 objectives.
7. Continue to interact with government institutions including Committees and Departments in pursuance of arc21 objectives.
8. Continue to interact with regulators and government sponsored organisations e.g. NIEA and WRAP.
9. Continue to interact with the private sector organisations and members of the third sector e.g. voluntary, non profit bodies etc.

10. Contribute to the strengthening of local government through continuing engagement with NILGA.
11. Contribute to the implementation process associated with the Review of Public Administration, including engagement with Transition Committees and other stakeholders.
12. Continue with the regular cycle of meetings with service providers to identify and explore developments relating to contracts including management and administration.
13. Ensure invoices from suppliers and to customers are processed in line with best practice.
14. Explore opportunities for benchmarking with other similar organisations.

Commentary

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

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

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

Following the streamlining of the governance arrangements at a regional level, arc21 attended all meeting of the Waste Programme Board chaired by the DOE Minister and the Waste Infrastructure Programme Board held during the year.

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

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

In addition to the routine contact with all tiers of elected members throughout the year, arc21 also undertook some individual briefings with numerous politicians and political parties during the year with particular emphasis on progress on Residual Waste Treatment Project.

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

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

Regular meetings were held with service providers throughout the year to address any operational or administrative issues, and to seek to identify any improvements that could be made to arrangements.

A market engagement exercise was conducted to inform the procurement approach to the new Bring Site tender. Response to this exercise proved to be constructive with over 17 companies engaging in the exercise.

Contact was made with a number of organisations CPD, APSE, WIN etc as well as other similar waste partnerships in England to discuss benchmarking. It proved to be useful exercise and identified some basic practical issues for further consideration.

OBJECTIVE 4

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

Planned Outcome

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

Aims and Actions for 2009/2012

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

Associated Business Objectives 2010/11

1. Maintain, update and implement the Communications Strategy flowing from the residual waste project to take account of prevailing circumstances during the year.
2. Continue with the publication of the arc21 magazine “Wasteline”.
3. Maintain and develop the arc21 website to ensure its contents are timely, accurate and easily accessed.
4. Seek appropriate opportunities for media coverage of pertinent issues throughout the year.
5. Respond to all media enquires in a timely and appropriate manner.
6. Seek appropriate opportunities to speak at conferences, seminars and workshops.
7. Continue with the operation of the education vehicle and ensure it is fully utilised by constituent councils at appropriate venues and events e.g. schools, shopping centres, regional exhibitions/shows etc.
8. Continue to encourage the use of the design guidelines in relevant promotional and education/awareness material.
9. Develop opportunities to deliver appropriate promotional and educational/awareness activities in conjunction with service providers.
10. Participate in any national communication framework or relevant initiative established by the Department of the Environment.
11. Continue to develop integrated communications policies and programme with member Councils and /or Government.

Commentary

As in the previous years, the main communication activities throughout the year concerned the Residual Waste Treatment Project. The focus of communications activity remained firmly focused on the procurement process and improving general understanding of the potential technologies sought. Significant effort was also placed on internal communications to both Elected Members and Council Staff.

The further two editions of “Wasteline” produced during the year were again well received and a number of complimentary comments were received.

The website was kept up to date with the news section being at the forefront of change. The section dealing with dealing with procurement and tenders received particular attention and several new pages containing new information was introduced.

arc21 staff featured regularly throughout the year in all forms of the local media i.e. newspapers, radio and TV. This included live interviews on all the popular radio stations and also recorded interviews on both local TV Channels i.e. UTV and BBC Northern Ireland.

The mobile education vehicle continued to be very popular and visited over 200 different locations throughout the arc21 area. All of arc21's Councils made use of the vehicle at schools, shopping centres and community facilities, as well as ad hoc events such as the Green Living Fair. However schools are by far the most popular venue for the education vehicle to visit and summer play schemes ensure it is fully utilised during the summer months. Reports on the vehicle visits occasionally feature in the local weekly newspapers.

The use of the design guidelines continued to be promoted in the advice given to councils with regard to the production of waste related material e.g. collection calendars, contamination stickers, leaflets, newspaper adverts etc.

One of the most successful integrated communications initiatives undertaken during the year was the "Youthspeak" schools competition. The sub-regional and regional finals were held in Magherafelt in April 2010 with over 50 schools participating. The event enjoyed some media attention in both national and local press.

OBJECTIVE 5

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

Planned Outcome

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

Aims and Actions for 2009/2012

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

5. Continue to develop and implement the range of Key Performance Indicators to drive continuous improvement.

Associated Business Objectives 2010/11

1. Maintain the agreed arc21 staff establishment level.
2. Continue to issue regular update bulletins to the Chief Executives of arc21 Councils and provide an annual briefing session dedicated to the Chief Executives.
3. Undertake appropriate activities aimed at building the capacity of the Joint Committee, Audit Committee and other Elected Members.
4. Continue to operate to a standard consistent with that necessary for Centre of Procurement Expertise accreditation.
5. Investigate and identify the most appropriate externally verified accreditation scheme for arc21 to consider attaining.
6. Undertake and complete the annual staff performance and appraisal scheme and personal development programme.
7. Encourage membership of relevant professional institutions within the staff complement.
8. Continue with the regular cycle of staff meetings throughout the year.
9. Ensure attendance by staff and Joint Committee Members at appropriately identified seminars, conferences, exhibitions and workshops.
10. Develop associated business objectives for all Strategic Objectives to cover the period 2011/12.

Commentary

The staff complement of thirteen was maintained throughout the year.

All Councils were visited by arc21 staff during 2010/11 and update reports presented to the relevant committees.

The annual Chief Executives' briefing session was organised and a monthly bulletin is e-mailed to all arc21 Chief Executives prior to Joint Committee meetings.

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

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

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

Significant effort was undertaken during the year aimed at building the capacity of Elected Members and Officers with particular focus on the Residual Waste Treatment Project. This culminated with an arc21 conference in February 2011 in the Waterfront Hall, Belfast. The conference included speakers from arc21, the DOE, PwC, Arthur Cox, DEFRA, Norfolk County Council and The European Investment Bank.

A thorough and comprehensive examination of externally accredited schemes concluded that the most appropriate scheme for arc21 to pursue was ISO 9001. Work began on the application towards the end of the year.

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

The arc21 Business Continuity Plan produced during 2009/2010 and was the subject of a test exercise during 2010/11. This test was facilitated by Belfast City Council's Audit Governance and Risk Services and proved to be very useful. A number of minor issues were identified and addressed. The Business Continuity Plan was also reviewed and augmented accordingly.

A total of 57 associated business objectives were developed to cover the period 2011/2012.

OPERATING STATISTICS

Waste Management Performance

The main indicators of waste management performance are as follows:

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

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

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

Individual Council Performance

Council	2010/11 Allocation	Allowance Utilised	% of Utilised Allowance
Antrim Borough Council	13,607	8,989	66.1%
Ards Borough Council	20,820	14,743	70.8%
Ballymena Borough Council	16,380	12,973	78.1%
Belfast City Council	71,692	67,18	93.6%
Carrickfergus Borough Council	10,724	7,746	72.3%
Castlereagh Borough Council	17,907	10,047	56.1%
Down District Council	18,432	14,449	78.4%
Larne Borough Council	8,426	6,389	75.9%
Lisburn City Council	30,215	19,101	63.2%
Newtownabbey Borough Council	22,014	15,327	64.6%
North Down Borough Council	21,030	14,376	68.3%

Combined arc21 Performance

arc21	Allowance	Allowance Utilised	% of Utilised Allowance
2005/06	380,427	316,732	83.2%
2006/07	353,773	295,624	83.6%
2007/08	345,244	280,735	81.3%
2008/09	336,762	261,721	77.7%
2009/10	251,880	208,486	82.8%
2010/11	251,256	191,110	76.1%

2. Average Waste per Household

A measurement of the amount of household waste which is recycled and composted. 2011 was the ninth year in succession that the rate has increased.

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Antrim	19.1%	22.4%	38.4%	44.0%	47.1%	48.7%	48.3%	47.5%	46.0%
Ards	9.6%	9.0%	20.4%	24.0%	25.5%	27.6%	33.9%	40.2%	42.6%
Ballymena	21.0%	18.0%	23.4%	26.9%	28.2%	26.5%	36.2%	33.3%	32.3%
Belfast	4.0%	4.6%	8.9%	14.4%	19.0%	23.2%	26.3%	26.6%	29.8%
Carrickfergus	8.2%	10.5%	17.2%	17.4%	21.9%	33.2%	32.9%	34.2%	41.1%
Castlereagh	5.0%	12.1%	22.2%	32.5%	34.9%	37.7%	38.1%	37.6%	41.3%
Down	13.5%	13.3%	19.2%	33.7%	32.2%	31.6%	32.6%	32.5%	32.5%
Larne	6.0%	9.6%	16.5%	25.0%	31.6%	37.4%	40.5%	41.1%	43.7%
Lisburn	9.0%	9.2%	12.2%	19.8%	25.1%	31.9%	33.1%	37.0%	39.4%
Newtownabbey	16.5%	17.0%	19.9%	22.5%	24.8%	30.3%	35.0%	37.3%	42.1%
North Down	11.1%	12.6%	17.2%	24.6%	33.0%	38.1%	40.4%	41.8%	45.0%

Combined arc21 Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
arc21	9.7%	10.6%	16.7%	22.9%	26.8%	30.9%	33.9%	35.0%	37.5%

3. Average Waste per Household and per Capita

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

Per Household (tonnes) Individual Council Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Antrim	1.540	1.205	1.578	1.630	1.655	1.742	1.595	1.492	1.434
Ards	1.494	1.456	1.530	1.465	1.419	1.389	1.269	1.235	1.217
Ballymena	1.368	1.447	1.487	1.551	1.487	1.333	1.306	1.273	1.205
Belfast	1.215	1.202	1.237	1.268	1.203	1.163	1.045	1.028	0.993
Carrickfergus	1.564	1.379	1.355	1.422	1.347	1.286	1.212	1.215	1.148
Castlereagh	1.266	1.190	1.078	1.186	1.130	1.113	1.059	1.040	1.039
Down	1.411	1.536	1.209	1.155	1.169	1.158	1.162	1.163	1.122
Larne	1.328	1.219	1.348	1.493	1.371	1.293	1.214	1.214	1.183
Lisburn	1.584	1.576	1.476	1.387	1.325	1.280	1.190	1.175	1.156
Newtownabbey	1.403	1.384	1.267	1.397	1.407	1.352	1.302	1.215	1.214
North Down	1.405	1.376	1.422	1.404	1.401	1.393	1.195	1.147	1.140

Combined arc21 Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
arc21	1.370	1.339	1.333	1.356	1.313	1.275	1.180	1.150	1.123

Per Capita (Kilogrammes) Individual Council Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Antrim	552	437	586	616	635	664	607	567	551
Ards	595	589	631	612	598	589	541	530	525
Ballymena	520	557	580	609	586	526	516	506	482
Belfast	510	514	544	570	547	539	485	482	469
Carrickfergus	616	547	539	568	542	517	488	491	485
Castlereagh	514	489	448	498	482	479	453	445	447
Down	511	571	452	438	449	450	452	455	442
Larne	542	506	572	640	601	571	541	545	530
Lisburn	588	596	576	548	529	524	486	476	470
Newtownabbey	557	559	524	583	592	572	547	520	514
North Down	575	570	598	592	597	598	516	495	493

Combined arc21 Performance

Area	2002	2003	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
arc21	544	540	549	567	554	545	504	493	484

The KPIs were developed across four operational activities:

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

Activity	Key Performance Indicator	Actual 2010/11
Customer	Overall level of satisfaction of member councils with services provided by arc21 & arc21 contractors 'good' or 'very good'	82%
	% of complaints (about arc21) investigated and resolved within 3 days	No complaints received
Finance	Establishment costs per tonne/ total tonnes of waste delivered to arc21 contractors	£1.22/T
	Aggregate cost per tonne of total tonnes of waste delivered to arc21 contractors	£48.34/T
	Establishment costs per tonne / aggregate cost per tonne of waste delivered	2.53%
	Ratio of operating costs to turnover	2.12%
	% invoices paid within 30 days of receipt	87.00%
Process Contracts	Adherence to contract conditions and performance requirements	97%
	% complaints re level of service resolved within 72 hours	95%
	% tender invitations which result in 3 or more submissions	100%
	% procurements successfully delivered	100%

People	% staff completed training as specified in Personal Development Plans (PDPs)	100%
	% staff who receive appraisal and review by target date	100%
	Number of days arc21 staff are absent from work	9.65 Days

RESIDUAL WASTE TREATMENT PROJECT

Background

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

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

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

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

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

Going into 2009/10 the Outline Business Case had been submitted to, and approved by the Department of the Environment and the competitive dialogue procurement process commenced in September 2008.

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

Developments during 2010/2011

The year was primarily taken up with the ISDS phase of the procurement process. During this time, several dialogue sessions took place. This culminated in the receipt of the two submissions by the closing date in October 2010.

However, prior to the commencement of pre ISFT phase dialogue, one of the consortia withdrew from the competition leaving one remaining bidder. This scenario is certainly not unprecedented in projects of this nature and scale and work began on developing the necessary protocols and procedures to properly address this situation.

Work also began on developing a contingency plan to meet NILAS requirements to cover any eventuality relating to possible delay in the process or being able to arrive at a timely conclusion in the process.

Considerable effort was undertaken thorough the year on building the capacity of Elected members and Officers. An arc21 conference was held in the Waterfront Hall in February 2011 and this was attended by close to 100 Officers and Elected Members. A wide spectrum of eminent speakers including a representative from the European Investment Bank covered aspects associated with projects of this nature and they were well received by those attending with a lively and informative question and answer sessions to complete proceedings.

The detail around a Single Electricity Market for the Island of Ireland also emerged which prompted representation from arc21 with further engagement very likely.

Discussions were ongoing throughout the year with the various regulatory authorities, including the Planning Service and NIEA, to not only ensure the proper procedures will be followed at the appropriate juncture but to assist the authorities with the scheduling of their work programme.

Financial Report

As experienced in previous years, arc21's turnover continued to increase:

Year	Turnover
2004/05	£0.425m
2005/06	£2.4m
2006/07	£9.9m
2007/08	£23.5m
2008/09	£27.1m
2009/10	£31.2m
2010/11	£34.4m

This was due to the significant developments in contracting for waste facilities, the increase in the Landfill Tax escalator and the continuation in the procurement activity for the Residual Waste Treatment Project, which is mainly funded by way of government grant. The income for the year was £34,404,515 compared to £31,293,429 in 2009/10, an increase of 10.00%. The expenditure for the same period was £33,736,628 compared to £31,028,870 in 2009/10, resulting in a surplus on continuing operations of £667,887 for the year to March 2011.

Actuarial gains on the pension assets/liabilities of £320,000 resulted in a total of £987,887 being shown in the Comprehensive Income and Expenditure Statement.

In addition, the sum of £2,349 was incurred funding capital expenditure with the acquisition of computer equipment during the year.

After taking into account the charge for depreciation on fixed assets, there was a net increase to the General Usable Reserves of £474,545 for the year bringing the cumulative Usable Reserves at 31 March 2011 to £1,372,565 or 4.00 % of annual turnover.

All four major waste contracts, Landfill, Materials Recovery Facility, Organic Waste Treatment and Bring Service, performed satisfactorily during the year, representing £30m or 89% of the total income for the year. It is expected that the contract activity will continue to grow at a significant level in the coming year, primarily as a result of the Landfill Tax Escalator.

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

Encouragingly, during the 2010/11 year the market recovery continued. Over the 12 months the gross selling prices earned by Bryson Recycling rose steadily from £88 in the previous year to a level of £113 in the current year, resulting in an overall annual average value per tonne payable to arc21 of £37.

As previously reported, a key contributing factor to the higher prices received by Bryson Recycling for the materials has been the successful completion of the capital investment programme to upgrade the facility and enable better quality materials to be provided to the market. This capital investment programme is a joint venture between arc21 and Bryson Recycling, at a cost of £980,000, and has proved to be invaluable as borne out by the market prices achieved, particularly in light of the challenging market conditions experienced in recent years.

In accordance with Government policy, the Landfill Tax Escalator continues to rise at a rate of £8 per tonne per annum resulting in an additional charge from the landfill operators to arc21 of a sum in the region of £2.5 million, which is then passed on to participant Councils.

The level of funding required for developing waste facilities for the treatment of residual waste has been recognised by central government as being beyond the means of local government and during the year arc21 continued to receive valuable financial support from the Department, at a level of £1.02m (£1.07m in 2009/10), again covering the majority of the procurement activities.

In addition, arc21 was able to benefit from the expertise available through the Programme Delivery Support Unit (PDSU) which was established jointly by the Department and the Strategic Investment Board, to provide ongoing support to the three Waste Management Groups in Northern Ireland in the delivery of the projects for the treatment of residual waste.

arc21 would like to take the opportunity, once again, to formally acknowledge the support from the Department, the PDSU, the Strategic Investment Board and the Department of Finance and Personnel, which is critical to the successful delivery of the project.

arc21 has a range of Insurance Policies in place to meet its operational requirements with the major policies in place being:

- Employers Liability Insurance;
- Professional Indemnity Insurance;
- Public Liability Insurance;
- Business Interruption Insurance;
- Motor Vehicle Insurance;
- Office Contents Insurance;
- Personal Accident and Travel Insurance; and
- Commercial Legal Protection Insurance.

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

In terms of processing invoices, the average number of days taken to pay trade creditors during the financial year to March 2011 was calculated at 28.2 days. During the year, arc21 paid in the region of 1,400 invoices with a total value of over £31m (excluding VAT).

In conclusion, the 2010/11 year was a particularly challenging one but the financial results presented in this report reflect an overall satisfactory position. Once again the cash position remained strong throughout the year and arc21 have been able to increase the level of reserves at the end of the year leaving the organisation in a better position to meet the obvious financial challenges ahead in the sector.

A full copy of the Abstract of Accounts, the financial report for the year ended 31 March 2011 can be accessed through the arc21 website: www.arc21.org.uk

Local Government Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARC21

I have audited the statement of accounts of arc21 for the year ended 31 March 2011 under the Local Government (Northern Ireland) Order 2005. The statement of accounts comprises the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and related notes. The statement of accounts has been prepared under the accounting policies set out within them.

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

Respective responsibilities of the Chief Executive and the independent auditor

As explained more fully in the Statement of the Joint Committee's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the statement of accounts and for being satisfied that it gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. My responsibility is to audit the statement of accounts in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Statement of Accounts

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the statement of accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the arc21's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the arc21; and the overall presentation of the statement of accounts. In addition I read all the financial and non financial information in the Foreword to identify material inconsistencies with the audited statement of accounts. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion

In my opinion the statement of accounts gives a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2010-11, the financial position of arc21 as at 31 March 2011 and its income and expenditure for the year then ended.

ARC21 JOINT COMMITTEE 2010/11

Matters on which I report by exception

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

the Annual Governance statement:

- *does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010-11;*
- *does not comply with proper practices specified by the Department of the Environment;*
- *is misleading or inconsistent with other information I am aware of from my audit; or*
- *adequate accounting records have not been kept; or*
- *the statement of accounts is not in agreement with the accounting records; or*
- *I have not received all of the information and explanations I require for my audit.*

Certificate

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



Louise Mason
Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

\ November 2011

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2011

	2010/11	2009/10
	£	£
INCOME:		
Participating Councils	707,249	690,008
Government Grant	1,023,751	1,074,533
Financing and Investment Income	116,928	72,311
Contract Income :		
Landfill Service	23,193,556	21,928,678
Materials Recovery Facility - MRF	1,574,098	1,593,262
MRF Revenue Share	1,576,213	1,207,487
Organic Waste Treatment	3,694,845	2,406,416
Bring Service	216,437	207,869
Supply of Bins and Bring Banks	626,020	444,191
Other Contract Income	1,671,794	1,659,999
Other Income	3,624	8,675
TOTAL INCOME	34,404,515	31,293,429
	=====	=====
EXPENDITURE:		
Employee Costs	208,123	413,541
Financing and Investment Income	115,170	82,377
Other Operating Costs	1,356,497	1,332,822
Contract Expenditure :		
Landfill Service	23,046,912	21,679,870
Materials Recovery Facility- MRF	1,574,098	1,593,262
MRF Revenue Share	1,226,213	1,207,487
Organic Waste Treatment	3,694,846	2,406,416
Bring Service	216,437	207,869
Supply of Bins and Bring Banks	626,020	444,191
Other Contract Costs	1,671,794	1,659,998
Other Costs	518	1,037
TOTAL EXPENDITURE	33,736,628	31,028,870
	=====	=====
SURPLUS (DEFICIT) ON CONTINUING OPERATIONS	667,887	264,560
Actuarial gains/(losses) on pension assets/liabilities	320,000	(591,000)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE	987,887	(326,440)
	=====	=====

BALANCE SHEET AS AT 31 MARCH 2011

	2010/11	2009/10
	£	£
Property, Plant, & Equipment	44,361	58,019
Investment Properties	0	0
Intangible Assets	0	0
Assets Held For Sale	0	0
Long Term Investments	0	0
Investment In Associates and Joint Ventures	0	0
Long Term Debtors	0	0
TOTAL LONG TERM ASSETS	44,361	58,019
Inventories	0	0
Short Term Debtors	6,619,337	2,652,475
Cash and Cash Equivalents	2,367,196	2,850,666
Assets Held For Sale	0	0
CURRENT ASSETS	8,986,533	5,503,141
Bank Overdraft	0	0
Short Term Borrowing	0	0
Short Term Creditors	7,613,968	4,605,121
Provisions	0	0
Liabilities In Disposal Groups	0	0
CURRENT LIABILITIES	7,613,968	4,605,121
Long Term Creditors	0	0
Provisions	0	0
Long Term Borrowing	0	0
Other Long Term Liabilities	389,000	916,000
Donated Assets Account	0	0
Capital Grant Receipts In Advance	0	0
LONG TERM LIABILITIES	389,000	916,000
NET ASSETS	1,027,926	40,039
USABLE RESERVES:		
Capital Receipts Reserve	0	0
General Reserves	1,372,565	898,020
UNUSABLE RESERVES:		
Capital Adjustment Account	44,361	58,019
Pensions Reserve	(389,000)	(916,000)
Accumulated Absences Account	0	0
NET WORTH	1,027,926	40,039