

## JOINT WASTE DISPOSAL BOARD

### NOTICE OF MEETING

THURSDAY 1 JULY 2010

**TO: ALL MEMBERS OF THE JOINT WASTE DISPOSAL BOARD**

You are invited to attend a meeting of the Joint Waste Disposal Board on **Thursday 1 July 2010 at 6.00 pm** in the Council Chamber - Civic Centre, Reading.. An agenda for the meeting is set out overleaf.

Mark Moon  
Project Director

#### Members of the Joint Waste Disposal Board

Bracknell Forest Council:	Councillor Mrs D Hayes Councillor McCracken
Reading Borough Council:	Councillor W Swaine Councillor T Stanway
Wokingham Borough Council:	Councillor R Stanton Councillor G Cowan

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- 3 Use the stairs not the lifts**
- 4 Do not re-enter the building until told to do so**



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WOKINGHAM  
BOROUGH COUNCIL



**JOINT WASTE DISPOSAL BOARD**  
**Thursday 1 July 2010 (6.00 pm)**  
**Council Chamber - Civic Centre, Reading..**

**AGENDA**

- |  | <b>Page No</b> |
|--|----------------|
| <b>1. APOLOGIES FOR ABSENCE</b>  |                |
| <b>2. DECLARATIONS OF INTEREST</b>   |                |
| Members are required to declare any personal or prejudicial interests and the nature of that interest, in respect of any matter to be considered at this meeting.                                      |                |
| <b>3. MINUTES OF THE MEETING OF THE JOINT WASTE DISPOSAL BOARD - 24 FEBRUARY 2010</b>  | 1 - 4          |
| To approve as a correct record the minutes of the Joint Waste Disposal Board held on 24 February 2010.   |                |
| <b>4. URGENT ITEMS OF BUSINESS</b>   |                |
| To notify the Board of any items authorised by the Chairman on the grounds of urgency.   |                |
| <b>5. RE-USE TRIAL - PRESENTATION</b>  |                |
| To receive a presentation on the Re-Use Trial.   |                |
| <b>6. PROGRESS REPORT</b>  | 5 - 10         |
| To inform the Board of progress since its last meeting on 24 February 2010.  |                |
| <b>7. PERFORMANCE REPORT</b>   | 11 - 24        |
| To note the performance of the re3 councils for 2009/10 and the action plans for 2010/11.  |                |
| <b>8. AUDITS OF RE3 PFI</b>  | 25 - 36        |
| To note the progress to review the recommendations of the three internal audits carried out on the re3 Joint Waste PFI to date.  |                |
| <b>9. SHARED SERVICES</b>  | 37 - 42        |
| To note the shared services proposals.   |                |
| <b>10. EXCLUSION OF PUBLIC AND PRESS</b>   |                |
| To consider the following motion:  |                |
| That pursuant to Regulation 21 of the Local Authorities (Executive Arrangements) (Access to Information) Regulations 2000 and having regard to the public interest, members of the public and press be |                |

excluded from the meeting for the consideration of item 11 which involves the likely disclosure of exempt information under the following category of Schedule 12A of the Local Government Act 1972:

- (3) Information relating to the financial or business affairs of any particular person.

**Reports Containing Exempt Information**

**11. RISK REGISTER**

43 - 44

To note the updated Risk Register.

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# Agenda Item 3

**JOINT WASTE DISPOSAL BOARD**  
**24 FEBRUARY 2010**  
**(6.00 - 8.45 pm)**

Present: Bracknell Forest Borough Council  
Councillor Mrs Dorothy Hayes MBE, Vice-Chairman  
Councillor Iain McCracken

Reading Borough Council  
Councillor Deborah Edwards  
Councillor Paul Gittings

Wokingham District Council  
Councillor Rob Stanton, Chairman  
Councillor Simon Weeks

Officers      Pete Baveystock, Wokingham Borough Council  
                  Oliver Burt, Reading Borough Council  
                  Peter Butler, Reading Borough Council  
                  Janet Dowlman, Bracknell Forest Council  
                  Dave Fisher, Reading Borough Council  
                  Kevin Holyer, Reading Borough Council  
                  Steve Loudoun, Bracknell Forest Council  
                  Mark Moon, Wokingham Borough Council

**23. Apologies for Absence**

There were no apologies for absence.

**24. Declarations of Interest**

There were no declarations of interest.

**25. Minutes of the Meeting of the Joint Waste Disposal Board - 10 December 2009**

The minutes of the meeting of the Joint Waste Disposal Board held on 10 December 2009 were approved as a correct record and signed by the Chairman.

**26. Urgent Items of Business**

There were no urgent items of business.

**27. WRG Presentation on Education and Waste Minimisation**

The Board received a presentation from Ella Clark, WRG. on the Communications Plan for the re3 Partnership 2010.

Ella updated the Board on the successful programmes undertaken in 2009, challenges, key messages, projects and aims for 2010. Focuses for 2010 included Contamination and 40-2010, waste minimisation and business waste.

The Board noted that the re3 Partnership for 2009 had focused on the building of sites and during 2010 would be on the delivery of projects. It was noted that Smallmead and Longshot Lane supported existing organisations such as the Christian Community Action charity and the Wokingham Furniture Project with reusable furniture but it was not logistically possible to have a shop on site.

Regarding communication, the Board noted that recycling messages could be made direct on the doorstep of the public and to young people on Facebook rather than via leaflets; Ella noted that there is currently a Twitter page online.

The Board invited Ella to attend another meeting to give an update later in the year.

## 28. **Progress Report**

The Board considered the Project Director's latest project update which covered the following topics:

- Lakeside Energy from Waste Facility
- Finance and Performance
- Contamination
- Use of re3 Facilities by non-re3 residents
- Risk Register

In response to the main points made during the discussion the Board noted that:

- The Lakeside Facility contract had been finalised and the contract began on 1 February 2010. The Chair said that he would write a letter of thanks to Grundons.
- A tabled Budget Management report was circulated at the meeting relating to 9 months of Actual figures.
- The amount of Tonnage sent for reuse, recycling and composting was down in the third quarter across all three councils, this was due to residential economic factors.

The Board requested that the budget proposals for the following year be brought to the Board before being finalised.

The Board also discussed the response from Leader of West Berkshire Council regarding Island Road Household Waste & Recycling Centre dated 22 February 2010. The Board confirmed and noted that they were all in unanimous agreement with the comments made in the Chairman's letter to West Berkshire Council on 11 February 2010. The Board agreed that the Chairman write to the Leader of West Berkshire Council in response to their letter dated 22 February 2010.

### **RESOLVED** that

- 1 The Chair writes a letter of thanks to Grundons regarding the Lakeside Energy from Waste Facility;
- 2 The Project Director bring future budget proposals to the Board;
- 4 The Board members agreed with comments made by the Chairman on behalf of the Joint Waste Disposal Board, in the letter dated 11 February 2010;

- 3 The Board agreed that the Chairman write a letter of response to the Leader of West Berkshire Council regarding their letter dated 22 February 2010.

29. **Shared Services**

The Board considered a report seeking approval for the potential for a shared waste collection service for the re3 Councils and the engagement of consultants to undertake investigation work. The Board were advised that investigations were needed to identify savings through sharing services.

The Board agreed that a new report should be brought to the next meeting with further details regarding 3.19 of the existing report and the costs of consultants.

**RESOLVED** that

- 1 A revised report regarding shared services and consultancy fees be brought to the next meeting.

30. **Food Waste**

The Board considered a report on the a report commissioned by WRAP on how food waste could be collected, source separated and processed.

The Board noted that there were many benefits in collecting and processing food waste but there were also significant costs. The Board could not support the level of investment at this time but would note future technical advances to support the scheme.

**RESOLVED** that the content of the report be noted by the Board and resolved not to proceed with food waste treatment until the situation warrants such action, when a further report will be presented.

31. **Exclusion of Public and Press**

**RESOLVED** that pursuant to Regulation 21 of the Local Authorities (Executive Arrangements) (Access to Information) Regulations 2000 and having regard to the public interest, members of the public and press be excluded from the meeting for the consideration of item 32 and 33, which involved the likely disclosure of exempt information under the following category of Schedule 12A of the Local Government Act 1972:

- (3) Information relating to the financial or business affairs of any particular person.

32. **Energy from Waste Proposal**

The Board considered a report regarding a proposal from WRG to the re3 Councils, for an increase in the overall amount of Energy from Waste (EfW) capacity. The Project Manager tabled a revised recommendation and confidential information regarding the proposal.

The Board discussed the offer from WRG and agreed that the proposal would benefit Reading and Wokingham residents without significant risk. As the decision would not affect Bracknell Forest Council the member representatives abstained from the decision.

**RESOLVED** that

- 1 The member representatives from Reading and Wokingham Borough Council's accept in principle re3's offer of 10,000 tones of energy from waste;
- 2 The member representatives from Reading Borough Council and Wokingham Borough Council recommend the proposals to their respective Councils.

**33. Risk Register**

The Board noted the exempt information detailed in the Risk Register.

The Project Manager advised the Board that risk 25 was currently being managed with an action plan and time lines for action. It was noted that fire inspections would take place at Longshot Lane according to procedures set out in by insurance companies.

The Project Manager said that the blank spaces on the report were intentional and required a response from all three Councils regarding a work plan.

**34. Date of next Meeting**

The Board discussed the date of the next meeting and the clerk was asked to reschedule the date.

**CHAIRMAN**



# Agenda Item 6

**TO: JOINT WASTE DISPOSAL BOARD**  
**1<sup>st</sup> July 2010**

## **JOINT WASTE DISPOSAL BOARD - PROJECT UPDATE** **(Report by the Project Director)**

### **1. INTRODUCTION**

- 1.1 The purpose of this report is to inform the Joint Waste Disposal Board of progress since its last meeting on 24<sup>th</sup> February 2010.

### **2. RECOMMENDATIONS**

- 2.1 **To note progress made since the last meeting on 24<sup>th</sup> February 2010.**

### **3. SUPPORTING INFORMATION**

#### **Operations and Facilities**

- 3.1 Officers have ascertained the destination of the waste output from the Lakeside Energy from Waste (EfW) facility. Bottom Ash from the process (equivalent to 19% of total inputs) is recovered and, following the removal of the ferrous content, is used in the production of building blocks. The 'Fly' Ash (equivalent to 3% of total inputs) is sent to a landfill which is able to receive hazardous waste.
- 3.2 The production of building blocks from the Bottom Ash is not, according to the methodological requirements of the NI (National Indicator) Targets, recorded as recycling.
- 3.3 In order to ensure compliance with appropriate legislation, the Contractor has instigated, with the support of council officers, a new regime for the receipt of sheet asbestos from residents.
- 3.4 Under the new regime, residents wishing to deposit sheet asbestos will be received within two time-slots each day (9.00am – 10.00am and 2.00pm – 3.00pm).
- 3.5 The time slots allow the on-site staff to adorn the required protective equipment (suitable for instances where repeated work with asbestos is the norm), without the requirement to wear it all day or change into and out of it at random. The retained requirement for residents to phone ahead also ensures that the site has capacity to store the material within the specific containers as it cannot be stored loose in the open air.
- 3.6 The re3 Project Team have been in liaison with the Contractor to find a suitable replacement for the Retail Outlet referred to within the contract. Members will receive a presentation from the Contractor on the Household Waste Recycling Centre Retail Outlet replacement service.
- 3.7 Works are due to begin, during July, on the improvements to the fire detection and prevention system primarily within Smallmead MRF.
- 3.8 Members will be aware that the councils and contractor co-commissioned an independent assessment of the existing fire detection and prevention system. The report made recommendations around the protection of 'shielded' areas (i.e. those where a fire could start without a clear route for the product of the fire to reach the detection system). Following the works, these areas will be protected by additional sprinklers.

- 3.9 Throughout the period since the independent report was received, the contractor has put in place increased levels of monitoring on the MRF to ensure safe operation.
- 3.10 The contractor has also maintained a regular and appropriate level of contact with the facility's insurers, the Fire Service and the councils to ensure that all parties are aware of progress.

### **Finance and Performance**

- 3.11 The Project is reporting a collective under-spend against the individual budgets of £940,000 for 2009/10. See Appendix 1.
- 3.12 One reason for the under spend is the dramatic fall in overall waste tonnage over the year. Based on an assessment of likely waste generation, undertaken with the contractor, the predicted tonnage was 207,600 tonnes. However, in all probability in large part due to the recession, the actual for the year was significantly lower at 193,800 tonnes.
- 3.13 Recycling was 11,000 tonnes under forecast, and composting 7,000 tonnes under forecast. However residual waste was 5,000 tonnes above forecast.
- 3.14 Another factor in the under spend is that at the time of building the budget (September 2008) inflation was running at 4%. By April 2009 it had fallen to 1.7%.
- 3.15 In addition, business rates for 2009/10 were cautiously estimated at £650,000. The recent revaluation of the sites produced a much lower rateable value than anticipated, resulting in a cost for the year of £397,000.
- 3.16 A statement of the re3 Management budget and expenditure is included under Appendix 2.
- 3.17 The budget has been managed by officers within its overall value. Additional and unplanned works have been undertaken, according to need, such as the co-commissioning of an independent assessment of the fire detection and prevention system and associated legal advice from the councils advisors.
- 3.18 Office of Government Commerce (OGC) guidance on resourcing contract management in PPP (Public Private Partnership) contracts, advises that a guide for contract management costs should be around 2% of the annual contract value. For 2009/10 management costs for the re3 PFI were 1.25% of the annual contract value.

### **Risk Register**

- 3.19 The Risk Register is included within the agenda for this meeting of the Joint Waste Disposal Board.

### **Use of re3 Facilities by West Berkshire Residents**

- 3.20 At the last meeting of the Joint Waste Disposal Board, Members agreed that the Chairman would write to the Leader of West Berkshire Council in response to his letter of February 22<sup>nd</sup> 2010.

### **Lakeside Energy from Waste Facility**

- 3.21 The re3 councils were offered the opportunity to procure an additional 10,000 tonnes of Energy from Waste (EfW) processing capacity by our PFI contractors, Waste Recycling Group (WRG).
- 3.22 The re3 councils had been engaged in a round of discussions with DEFRA in respect of the additional EfW capacity which may be procured by Reading Borough Council and Wokingham Borough Council. Those discussions have concluded following the approval of the proposed procurement by DEFRA.
- 3.23 The respective advisors of the councils, and our contractors WRG, are now engaged in drafting appropriate amendments to the PFI Project Agreement and associated contractual documents.
- 3.24 Members will be kept informed as to developments in respect of this proposal.

### **BACKGROUND PAPERS**

Progress Report to Joint Waste Disposal Board (24<sup>th</sup> February 2010)

### **CONTACTS FOR FURTHER INFORMATION**

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Appendix 1. re3 PFI Budget Management 2009/10

**re3 PFI Budget Management**

**2009/10 Waste PFI Outturn**

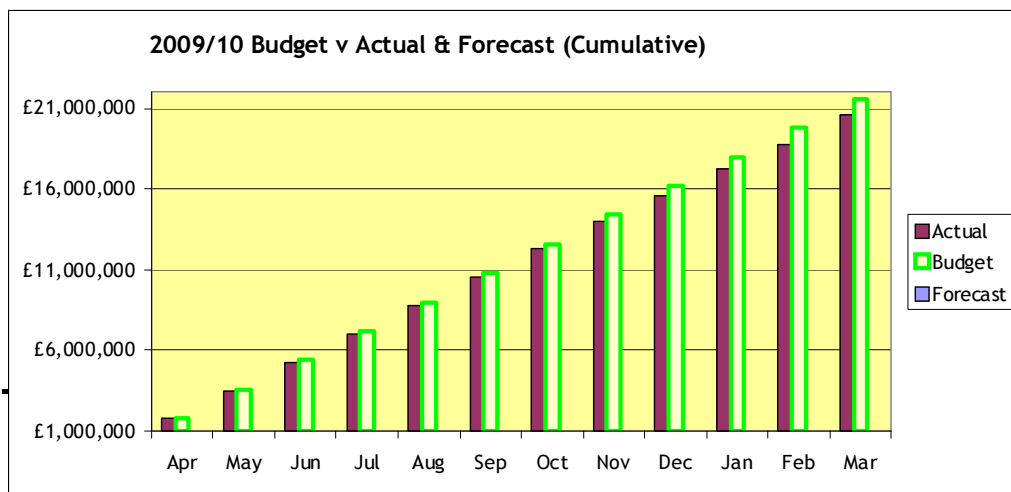
	BFBC	RBC	WBC	TOTAL
Apr-09 (Actual)	427,095	618,064	703,729	1,748,888
May-09 (Actual)	405,096	595,116	665,714	1,665,925
Jun-09 (Actual)	422,704	611,096	688,737	1,722,537
Jul-09 (Actual)	408,210	644,862	669,590	1,722,661
Aug-09 (Actual)	389,899	610,409	692,980	1,693,288
Sep-09 (Actual)	397,564	669,767	647,876	1,715,207
Oct-09 (Actual)	410,580	612,971	673,125	1,696,677
Nov-09 (Actual)	384,872	595,003	642,670	1,622,546
Dec-09 (Actual)	395,123	563,907	599,598	1,558,627
Jan-10 (Actual)	378,102	588,634	650,256	1,616,992
Feb-10 (Actual)	375,970	567,691	582,663	1,526,324
Mar-10 (Actual)	435,728	658,506	697,589	1,791,823
<b>TOTAL</b>	<b>4,830,944</b>	<b>7,336,026</b>	<b>7,914,525</b>	<b>20,081,495</b>
Additional Business Rates	86,813	112,596	118,121	317,530
Additional Haulage	80,000	80,000	80,000	240,000
Contamination Payment	17,780	21,778	21,281	60,840
Flood Alleviation & Dilapidation Refund	-20,104	-20,104	-20,104	-60,313
<b>2009/10 Outturn</b>	<b>4,995,433</b>	<b>7,530,297</b>	<b>8,113,823</b>	<b>20,639,552</b>
2009/10 Budget	5,335,450	7,666,769	8,590,446	21,592,665
<b>2009/10 Under Spend</b>	<b>-340,017</b>	<b>-136,473</b>	<b>-476,623</b>	<b>-953,112</b>

-4.4%

**Notes**

1. Based on actual invoices and end of year reconciliations
2. Revaluation of Smallmead and Longshot Lane completed, the outturn reflects actual payments due for the period

**re3 Management Budget/Costs not included**



Appendix 2. re3 PFI Management Costs 2009/10.

<b>JWDB - re3 Waste PFI Management Costs 2009/10</b>				
<b>Employees</b>	<b>Budget</b>	<b>Cost</b>	<b>Variance</b>	<b>Comment</b>
Salaries, NI & Super	165,200	117,172	-48,028	Additional budgeted staff member not appointed until 2010/11. Includes an accrual from 2008/09.
Training (£3,000)	3,000	705	-2,295	
<b>Employees sub total</b>	<b>168,200</b>	<b>117,877</b>	<b>-50,323</b>	
<b>Other Costs</b>	<b>Budget</b>	<b>Cost</b>	<b>Variance</b>	<b>Comment</b>
Transport				
Car Allowances	1,000	206	-794	
Supplies & Services				
Equipment	3,500	0	-3,500	Equipment for new Council office (set up cost). No cost in 2009/10 as accrual made in 2008/09.
Stationery	500	198	-302	
Consultancy Fees	60,000	115,340	55,340	Legal/Financial fees and communication support. Includes a year end accrual for anticipated consultancy costs.
Purchase of Computer Equipment	6,700	7,053	353	
Mobile Phones	400	126	-274	
Support Services/Recharges	20,500	20,000	-500	
<b>Other Costs sub total</b>	<b>£92,600</b>	<b>£142,923</b>	<b>£50,323</b>	
<b>2009/10 Total</b>	<b>£260,800</b>	<b>£260,800</b>	<b>£0</b>	
<b>Council Recharge (to date)</b>		<b>£</b>		
Reading		-£86,933		
Bracknell		-£86,933		
Wokingham		-£86,933		
<b>Total</b>		<b>-£260,800</b>		

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TO: **JOINT WASTE DISPOSAL BOARD**  
**1<sup>st</sup> July 2010**

**JOINT WASTE DISPOSAL BOARD**  
**REPORT ON COUNCIL PERFORMANCE WITHIN THE re3 JOINT WASTE PFI**  
**(Report by the Project Director)**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to review the performance of the re3 councils for 2009/10.
- 1.2 The report initially compares the overall tonnage for 2009/10 with the preceding year and discusses some of the broad factors which have implications for performance.
- 1.3 Also included are the provisional results for the statutory National Indicator (NI) targets for 2009/10 and individual council action plans for the current year.

**2. RECOMMENDATIONS**

- 2.1 **That Members note the provisional National Indicator (NI) results for 2009/10.**
- 2.2 **That Members note the individual reports from the re3 councils on performance for 2009/10**
- 2.3 **That Members note the individual action plans from the re3 councils for 2010/11.**

**3. SUPPORTING INFORMATION**

**Factors Influencing Performance During 2009/10**

- 3.1 The nationwide economic situation appears to have played a major role in the overall reduction of waste during 2009/10. Indeed waste has been falling for the last few years.
- 3.2 Total Contract Waste in 2007/08 was 211,455 tonnes. In 2008/09 total Contract Waste was 199,452 tonnes and last year, 2009/10, it was 193,748 tonnes.
- 3.3 Overall reductions in waste are obviously good news, and the financial implications of that are discussed in an accompanying report. In performance terms however, for example when considering relative levels of recycling and composting, the picture is more complicated.
- 3.4 Table 1, below, shows how the tonnage of council collected refuse fell by an average of 3.3% between 2008/09 and 2009/10.

Table 1. Comparison of Council Collected Refuse 2008/09 and 2009/10

	2008/09	2009/10	%
Bracknell Forest	21,349 t	20,978 t	↓ 1.7%
Reading	33,260 t	32080 t	↓ 3.5%
Wokingham	33,565 t	32,225 t	↓ 4.0%
Total	88,174 t	85,283 t	↓ 3.3%

- 3.5 Table 2, below, shows how tonnages of council collected kerbside recycling, known as mixed dry recyclables or MDR, fell across the partnership by an average of 6.3% between 2008/09 and 2009/10.

Table 2. Comparison of Council Collected MDR 2008/09 and 2009/10

	2008/09	2009/10	%
Bracknell Forest	7,934 t	7,695 t	↓ 3.0%
Reading	11,673 t	10,647 t	↓ 8.8%
Wokingham	8,954 t	8,427 t	↓ 5.9%
Total	28,561 t	26,769 t	↓ 6.3%

- 3.6 Two other significant factors influencing the performance of the re3 councils are (i) the level of contamination in the mixed dry recyclables (MDR) collected at the kerbside by the councils, and (ii) the level of rejections of material by the Material Reclamation Facility (MRF) at Smallmead in Reading.
- 3.7 Since commencement of kerbside collections the councils have always collected a specific range of items and the PFI contract has not changed those items. Residents often include other items within the material they place in their recycling receptacles and collectively, those items are broadly termed 'contamination'.
- 3.8 The kerbside collections are either directly delivered or bulk-hauled to the MRF. These deliveries contain a level of contamination. Like any complicated process the MRF has a level of process losses or rejections. Rejections occur in the MRF where an item of recyclable material is not captured, for recycling, by the MRF but instead is inadvertently treated as contamination.
- 3.9 At present the combination of contamination and rejections is as much as 20%. The councils, informed by a compositional survey undertaken in 2009, feel that the average contamination rate for the three councils is around 12.50%. Rejections are therefore around the level of 8%.
- 3.10 Common types of contamination are glass, plastics (other than those specified) and food. Another, slightly more general problem is the use carrier bags. Carrier bags often tend to contain contamination and the bags themselves make sorting more difficult. At an earlier stage in the whole process, the use of carrier, and black plastic, bags also makes it far harder for the collection crews to play an important role as the first line of defence against contamination (by making it more difficult to check for contamination in the recycling bins or boxes, prior to them being emptied into the freighter).
- 3.11 Another notable problem for the MRF is wet material. Paper, in particular, becomes harder to sort when it is wet. This was particularly true during the snowy period at the end of 2009 and start of 2010.
- 3.12 The contractor has recently undertaken a trial to test whether the recirculation of MRF rejects is operationally practical. If some form of recirculation can be introduced, without undue implications to the sorting of as yet unsorted material, then the level or rejections (process losses) can be significantly reduced.
- 3.13 The trial tested 15.70 tonnes of previously processed and rejected material. Processing was significantly slower than usual and the MRF had to be stopped altogether on four occasions because the previously rejected material is more dusty, damp and fragmented than the pre-processed material.



- 3.14 The recirculation managed to recover an estimated 4.90 tonnes of recyclable material which had previously been rejected by the MRF.
- 3.15 Final conclusions have yet to be drawn. However, processing previously rejected material, on its own, seems unlikely to prove to be a sustainable solution. By necessity the processing has to be far slower, the desirable content is much lower and the material is very dusty.
- 3.16 The Operator is now considering options for trialling other methods of sorting including adding the rejected material to new material which has yet to be sorted.
- 3.17 Council waste collection services are not part of the PFI, or the remit of the Waste Minimisation and Education Officers provided by it. Nevertheless, the Waste Minimisation and Education Officers, and the re3 Project Team, have liaised with the individual waste teams and respective communications officers to develop a targeted programme of communications activities aimed at tackling the level of contamination in our MDR.
- 3.18 The provisional National Indicator (NI) targets for 2009/10 are included at Appendix 1 below.
- 3.19 A narrative to the provisional results, from each of the councils, is included in a table at Appendix 2. Also included within the table are the activities the councils are planning to undertake in the next 12 months. These activities are aimed at improving performance across the partnership and wherever possible the three councils will work together to use resources efficiently, share effective practices and target messages demographically.

## **BACKGROUND PAPERS**

None.

## **CONTACTS FOR FURTHER INFORMATION**

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APPENDIX 1. NATIONAL INDICATOR 191, 192 and 193 PROVISIONAL RESULTS FOR 2009/10 (Prior to submission to Waste Data Flow)

The indicators for each council are grouped together. The quarterly information, captured during the course of the year is shown along with a final, annual result for the year. In each case it is the annual result by which the councils are judged.

Alongside each of the results for 2009/10 is a small table which shows for NI's 191 and 192 the internal council target between 2008/09 and 2010/11. For NI 193, the table shows the Local Area Agreement (LAA) targets developed by the councils in accordance with the requirements of the LAA process and formally agreed with the Government Office for the South East (GOSE).

## Bracknell Forest Borough Council 2009/10

### NI 191: Residual Household Waste Per Household

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Total Household Tonnes	12938.28	12164.17	11202.91	11046.48	47351.85
Reused, Recycled & Composted Tonnes	4982.00	4878.44	4055.05	3630.35	17545.85
Residual Tonnes	7956.28	7285.73	7147.87	7416.13	29806.00
Residual Waste Per Household (kg)	172.51	157.97	154.98	160.79	646.24

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
756	675	660

Number of Households	46122
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An Annual Total lower than the Target = ☺

## Bracknell Forest Borough Council 2009/10

### NI 192: Percentage of Household Waste for Reuse, Recycling & Composting

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Reuse, Recycling & Composting Tonnes	4982.00	4878.44	4055.05	3630.35	17545.85
Total Household Tonnes	12938.28	12164.17	11202.91	11046.48	47351.85
% Reuse, Recycling & Composting	38.51%	40.11%	36.20%	32.86%	37.05%

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
40.0%	40.2%	40.4%

An Annual Total higher than the Target = ☺

## Bracknell Forest Borough Council 2009/10

### NI 193: Percentage of Municipal Waste Landfilled

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Total Municipal Waste	13902.86	12837.84	11890.85	11663.56	50295.10
Tonnes Municipal Waste Landfilled	8026.30	6544.36	4287.12	3873.02	22730.80
% Municipal Waste Landfilled	57.73%	50.98%	36.05%	33.21%	45.19%

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
58.2%	41.3%	35%

An Annual Total lower than the Target = ☹

## Reading Borough Council 2009/10

### NI 191: Residual Household Waste Per Household

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Total Household Tonnes	16828.36	17561.35	15283.71	15508.77	65182.19
Reused, Recycled & Composted Tonnes	5716.70	6201.38	4981.10	4440.93	21340.10
Residual Tonnes	11111.66	11359.97	10302.61	11067.84	43842.09
Residual Waste Per Household (kg)	169.70	173.50	157.35	169.03	<b>669.58</b>

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
700	680	660

Number of Households	65477
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○

An Annual Total lower than the Target = ☺

## Reading Borough Council 2009/10

### NI 192: Percentage of Household Waste for Reuse, Recycling & Composting

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Reuse, Recycling & Composting Tonnes	5716.70	6201.38	4981.10	4440.93	21340.10
Total Household Tonnes	16828.36	17561.35	15283.71	15508.77	65182.19
% Reuse, Recycling & Composting	33.97%	35.31%	32.59%	28.63%	<b>32.74%</b>

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
38%	38.6%	40%

An Annual Total higher than the Target = ☺

## Reading Borough Council 2009/10

### NI 193: Percentage of Municipal Waste Landfilled

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Total Municipal Waste	18943.02	20353.43	17284.72	17130.81	73711.97
Tonnes Municipal Waste Landfilled	12365.06	12738.45	6839.12	6790.98	38733.61
% Municipal Waste Landfilled	65.28%	62.59%	39.57%	39.64%	52.55%

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
67.6%	47.9%	38.5%

An Annual Total lower than the Target = ☺

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## Wokingham Borough Council 2009/10

### NI 191: Residual Household Waste Per Household

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Total Household Tonnes	19363.46	18091.93	16600.34	15805.78	69861.50
Reused, Recycled & Composted Tonnes	7416.84	6928.65	6006.64	5102.14	25454.27
Residual Tonnes	11946.62	11163.28	10593.70	10703.64	44407.23
Residual Waste Per Household (kg)	193.54	180.85	171.62	173.41	719.43

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
752	725	714

Number of Households	61726
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∞

An Annual Total lower than the Target = ☺

## Wokingham Borough Council 2009/10

### NI 192: Percentage of Household Waste for Reuse, Recycling & Composting

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Reuse, Recycling & Composting Tonnes	7416.84	6928.65	6006.64	5102.14	25454.27
Total Household Tonnes	19363.46	18091.93	16600.34	15805.78	69861.50
% Reuse, Recycling & Composting	38.30%	38.30%	36.18%	32.28%	36.44%

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
38%	39%	40%

An Annual Total higher than the Target = ☺

## Wokingham Borough Council 2009/10

### NI 193: Percentage of Municipal Waste Landfilled

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUAL TOTAL
Total Municipal Waste	20726.46	19519.86	17385.51	16690.87	74322.69
Tonnes Municipal Waste Landfilled	11759.61	10233.10	6155.30	5979.47	34127.48
% Municipal Waste Landfilled	56.74%	52.42%	35.40%	35.82%	<b>45.92%</b>

6

An Annual Total lower than the Target = ☺

2008/09 TARGET	2009/10 TARGET	2010/11 TARGET
60%	50%	40%

Appendix 2. Performance Narrative for 2009/10 and Improvement Plans for 2010/11

<b>Bracknell Forest</b>	<b>2009/10 Performance</b>	<b>2009/10 actions</b>	<b>Improvement Plans 2010/11</b>
<b>NI 191 - Kgs of residual waste per household</b>	646.24kg of residual waste per household exceeded the target of 675kg.	<ul style="list-style-type: none"> <li>• Waste minimisation campaigns with re3.</li> <li>• Home composting</li> <li>• Green cone sales events</li> <li>• Real nappy subsidy and annual road show.</li> </ul>	<ul style="list-style-type: none"> <li>• Composters, wormeries and green cones promoted at all road shows.</li> <li>• Real nappy subsidy continued and 2 real nappy focused road shows during 2010.</li> </ul>
<b>NI 192 - % household waste recycled or reused</b> 20	37.05% of waste was recycled or reused, our target was 40.2%. 2009/10 has seen a 16.8% reduction in dry recyclables collected at the kerbside compared to 2008/09. December and January's weather conditions had a negative effect on the amount of recycling.	<ul style="list-style-type: none"> <li>• Articles in Town &amp; Country and Green Pages.</li> <li>• Road shows to promote recycling.</li> <li>• Community group presentations.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued articles in Town and Country and Green Pages.</li> <li>• Contamination the focus for articles and road shows.</li> <li>• New calendar designs to include re3 'are you doing it right?' message.</li> <li>• Target badly performing areas to increase recycling and reduce contamination with door stepping and leaflets.</li> </ul>
<b>NI 193- % of municipal waste sent to landfill</b>	The percentage of waste landfilled significantly dropped from 56.23% in 2008/09 to 45.19% in 2009/10. The improvement is mainly due to the use of the	<ul style="list-style-type: none"> <li>• Promotion of recycling, reuse and waste minimisation.</li> <li>• Deliveries of waste to support the required amount for the EfW plant.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued promotion of recycling, reuse and waste minimisation.</li> <li>• Deliveries of waste to support the required amount for the EfW plant.</li> </ul>



	energy from waste plant in Colnbrook. Our target was based on the facility being available sooner than it actually was so we are slightly short of the 41.3% target.		
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Reading	2009/10 Performance	2009/10 actions	Improvement Plans 2010/11
<b>NI 191 - Kgs of residual waste per household</b>  21	669.6kg of residual waste per household was collected, so we exceeded the target of 680kg.	<ul style="list-style-type: none"> <li>• Supported waste minimisation campaigns with re3</li> <li>• Promoted 'Love Food Hate Waste' campaign, including on refuse freighter sides</li> <li>• Promoted home composting</li> <li>• Held further two Green Cone sales events</li> <li>• Continued Real Nappy cashback scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Composters and green cones promoted at road shows.</li> <li>• Real Nappy subsidy continue</li> <li>• Reorganise collection rounds to increase capacity for green waste collections, and promote service uptake</li> </ul>
<b>NI 192 - % household waste recycled or reused</b>	32.7% of waste was recycled or reused, our target was 38.6%. We have seen an 18% reduction in kerbside collected dry recyclables compared to 2008-09. Severe snow suppressed waste in general and recycling in particular, and we delayed resumption of green waste collections.	<ul style="list-style-type: none"> <li>• Articles in Reading Post and Green Pages.</li> <li>• Continued programme of Roadshows to promote recycling.</li> <li>• Used freighter sides, and bin stickers to promote 'put the right stuff in your bin' message</li> <li>• Schools and Community group presentations.</li> <li>• Targeted doorstepping in areas with contaminated recycling, using inform-warn-enforce approach</li> <li>• Provide managing agents with recycling leaflets &amp; bin stickers for new tenants</li> <li>• Extended spread of bottle banks, distributed re-usable bottle carrying bags</li> <li>• Established 'recycle on the go' litter bins in</li> </ul>	<ul style="list-style-type: none"> <li>• Continue articles in Reading Post and Green Pages.</li> <li>• Focus on Contamination at Roadshows.</li> <li>• New calendar designs to promote 'put the right stuff in your bin' message.</li> <li>• Refine targeting of poorly performing areas using compositional analysis data and demographic tools, to increase recycling and reduce contamination.</li> <li>• Redesign bin sticker for use by refuse crews when discovering contaminated recycling</li> <li>• Provide clear recycling sacks as alternative to communal bins in difficult areas</li> <li>• Continue to work with Uor, including student Welcome Packs</li> </ul>

		<ul style="list-style-type: none"> <li>district shopping centres</li> <li>Established network of battery collection points in community buildings</li> <li>Established WEEECollectIt scheme with MIDEX</li> <li>Work with Uor to inform and support students about recycling and waste disposal at end-of-term, including attending Freshers and Re-freshers Fairs</li> <li>Reviewed Welcome pack for new council tax payers</li> </ul>	<ul style="list-style-type: none"> <li>Redesign website to link Postcode to recycling opportunities</li> <li>Establish foil recycling banks</li> </ul>
<b>NI 193- % of municipal waste sent to landfill</b>	Landfill down to 52.6%, a reduction of 12.2% on 2008-09 due to commissioning of the efw plant at Colnbrook. The target of 47.9% was missed as plant commissioning was delayed.	<ul style="list-style-type: none"> <li>Supported re3 partners in Contract negotiations</li> <li>Delivered waste to support the required amount for the EfW plant</li> <li>Supported WRG in clampdown on trade waste at Smallmead HWRC by stop-and-search operations</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 20,000+ tonnes of EfW</li> <li>Add additional 5,000 tonnes of EfW</li> <li>Pilot recycling of street sweeping materials</li> <li>Promote reduce, reuse and recycle</li> </ul>

<b>Wokingham</b>	<b>2009/10 Performance</b>	<b>2009/10 actions</b>	<b>Improvement Plans 2010/11</b>
<b>NI 191 - Kgs of residual waste per household</b>	719 kgs/per property equated to a 2% reduction on 2008/09 which exceeded the target of 725 kgs/household	<ul style="list-style-type: none"> <li>Supported re3 waste minimisation work</li> <li>Promoted home composting</li> <li>Kerbside participation undertaken</li> <li>Continued talks and visits to Community Groups</li> <li>Continued real nappy cash back service</li> <li>Updated recycling leaflet to match re3/WRAP iconography</li> <li>Promoted "Love Food Hate Waste"</li> </ul>	<ul style="list-style-type: none"> <li>Promote waste minimisation in Borough publications</li> <li>Continue to support Green Pages</li> <li>Improve home composting partnership</li> <li>Support re3 reuse projects on furniture and paint</li> </ul>
<b>NI 192 - %</b>	This is broadly flat with	<ul style="list-style-type: none"> <li>Promote recycling through Borough News</li> </ul>	<ul style="list-style-type: none"> <li>Continue participation work</li> </ul>

<b>household waste recycled or reused</b>	<p>2008/09 showing no overall improvement for 2009/10 and short of the target of 39%. A significant factor in this was the reduction of kerbside material over the previous year. The adverse weather in December and January causing service disruptions also had an affect on this. Colleagues in other Councils in the region have reported similar results.</p>	<p>and other leaflets</p> <ul style="list-style-type: none"> <li>• Address contamination with re3 partners</li> <li>• Work with collection contractor to address contamination</li> </ul>	<ul style="list-style-type: none"> <li>• Continue contamination work</li> <li>• Promote kerbside recycling</li> <li>• Retain fortnightly recycling collections over Christmas and new year</li> <li>• Increase recycling sites up to 50 from the existing 42</li> </ul>
<b>93- % of municipal waste sent to landfill</b>	<p>This saw a significant improvement on 2008/09 due mainly to commencement of the energy from waste at Colnbrooke. The target of 50% was exceeded by more than 4% putting us on course to achieve our LAA target of 40% in 2010/11</p>	<ul style="list-style-type: none"> <li>• Supported re3 partners on waste deliveries</li> <li>• Supported re3 partners in Contract negotiations</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve 20,000 tonnes of EfW</li> <li>• Add additional 5,000 tonnes of EfW</li> <li>• Promote reduce, reuse and recycle</li> <li>• Promote 'Love Food, Hate Waste' campaign.</li> </ul>

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TO: **JOINT WASTE DISPOSAL BOARD**  
**1<sup>st</sup> July 2010**

**JOINT WASTE DISPOSAL BOARD**  
**REPORT ON AUDITS OF THE re3 JOINT WASTE PFI**  
**(Report by the Project Director)**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to review the recommendations of the three internal audits which have, to date, been undertaken on the re3 Joint Waste PFI.

**2. RECOMMENDATIONS**

- 2.1 **To note the progress made in responding to the recommendations from the three audits carried out on the re3 Joint Waste PFI to date.**
- 2.2 **That Members request that the Internal Audit Teams from the re3 councils investigate both the potential for future audits to be undertaken together and the principles by which they will be undertaken, as described within this report. The programme to be presented to the JWDB at the 2010 Annual General Meeting.**

**3. SUPPORTING INFORMATION**

**Audits To Date**

- 3.1 There have, since the commencement of the PFI contract at the end of 2006, been three internal audits which have either focussed on the re3 PFI or touched on it.
- 3.2 The first audit was undertaken by Reading Borough Council in 2008 and looked solely at the PFI.
- 3.3 The second audit was undertaken by Wokingham Borough Council towards the end of 2008, reporting in early 2009. This audit too, looked solely at the PFI.
- 3.4 The third audit was undertaken by Bracknell Forest Borough Council in March 2010. The audit looked at waste services across the council and so included links to the PFI within it.

**Status of Recommendations**

- 3.5 In total, the three audits included 14 separate recommendations. The recommendations are included at Appendix 1 below.
- 3.6 Each of the councils employs a slightly different system to quantify the importance of the recommendations although each has three tiers.
- 3.7 Of the 14 recommendations, none fell into the highest priority tier in which a serious weakness in management would be identified. 8 recommendations were assessed as being in the middle tier and the remaining 6 recommendations were assessed as being in the lowest tier.
- 3.8 The majority of recommendations have been addressed and incorporated into the schedule of management.
- 3.9 The table below summarises the three recommendations which have not yet been addressed.

Table 1. Audit Recommendations Currently Unaddressed.

Ref	Description	Commentary
RBC 2	It was recommended that an annual report be produced to summarise performance, achievement and progress. It was also suggested that it should be linked to the Corporate Plan at RBC so there is a demonstrable link between corporate and PFI aims.	The Annual Environment Report (AER) is produced and circulated widely amongst Members and Officers at all three councils. However, an undertaking was given to append the AER to a report to CMT at RBC and that has, thus far, not happened.
WBC 3	It was recommended that the Joint Working Agreement (JWA) be changed to address a perceived risk relating to the timing of payments to the Administering Authority. The JWA states that payment should be made 5 days prior to the end of each month. In practice there have been occasions where that has not happened.	<p>The issue seems to hinge on the ability of the councils to raise an invoice ahead of the month end, for works or services carried out during that same month. However the PFI has always worked on a system of on account payments which are known and set in advance of the beginning of the year. Subsequent quarterly and annual reconciliations make any necessary correction against the 'actual' payments. Amendment of the JWA is clearly a possible option. An alternative solution may be to amend the council processes so they are in line with the terms previously agreed between the councils. This is an issue which may best be solved by a discussion at a partnership level.</p> <p>The issue has not been brought before the Joint Waste Disposal Board but could be included in any proposed amendments at the 2010 AGM, later this year, if agreed.</p>
BFBC 2	<p>It was identified as a Weakness that some previous amendments to the JWA had not been clarified as formally agreed by the Executive at each of the councils.</p> <p>The same item also identified as a weakness an understanding that no formal terms of reference are in place for the Project Director or for a number of council officer groupings which have formed as an interface between the councils and the PFI.</p>	<p>The item could be interpreted as suggesting that the councils are operating without a signed inter-council agreement. That is not the case. The Management Response from the relevant Chief Officer articulates the position more accurately.</p> <p>The roles and responsibilities of the Project Director are described within the JWA – both within the body of the document itself and within the Delegations (Schedule 4 of JWA). The other officers groups referred to have no formal role within the PFI but meet and collaborate because it forms a working interface with the PFI and is to the benefit of the councils that they do so. The necessity for binding or formal terms of reference to continue in that vein is something which may best be debated at a partnership level.</p> <p>The issues have not been brought before the Joint Waste Disposal Board but could be included in any proposed amendments at the 2010 AGM, later this year, if agreed.</p>

### **Future Audit Process**

- 3.10 The Audit process is an important one for the three councils, particularly for such a significant undertaking as the Waste PFI.
- 3.11 There is a degree of complication in carrying out separate audits on a shared service in that any management recommendations cannot easily be agreed by any individual party on behalf of the partnership as a whole.
- 3.12 Therefore in compiling this report, Officers have given consideration to some potential principles which the councils may wish to adopt, for future audits, which would continue to support a robust audit process across the partnership but ensure good governance.
- 3.13 In addition they have considered the need to ensure that audit reports and recommendations are relevant and provide assurance as to the management of the joint waste PFI contract.
- 3.14 The first principle is that the terms of reference and expected involvement of staff be agreed prior to any audit.
- 3.15 Each of the three audits has involved a relatively small number of the people engaged in managing and utilising the PFI. Drawing evidence from, and speaking to, a wider selection of (and preferably all) the appropriate people is essential. It's a simple way of ensuring the relevance of the process, and any subsequent recommendations, and guarding against the potential for misinterpretation.
- 3.16 The second principle is that the three councils work together in auditing the shared waste PFI.
- 3.17 If objectives and resources could be coordinated between the teams, the resulting report would include one set of recommendations which the councils, initially via the Joint Waste Disposal Board, would be able to consider together. This would ensure that all parties are involved equally and any changes to management or governance process are considered, not at an individual council level, but at the partnership level.
- 3.18 It is important to note that these two principles would apply only to the audit of the Joint Waste PFI. That may include an investigation of the interface between the PFI and the individual waste collection services, if so agreed. It is not, however, envisaged that the principles be applied to the collection services themselves as they were not included within the scope of the PFI.

### **BACKGROUND PAPERS**

None.

### **CONTACTS FOR FURTHER INFORMATION**

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APPENDIX 1. SUMMARY OF INTERNAL AUDIT REPORT RECOMMENDATIONS (2006-2010) – re3 JOINT WASTE PFI CONTRACT

1) READING BOROUGH COUNCIL 2008

Rec No	Recommendation	Cat.	Audit Risk Identified	Managers Response	Target Date
1	It is suggested that the agenda format for the monthly meetings of the Re3 project group should formally reflect each of the main headings detailed in the main project agreement.	Advisory	There is a low risk that even emphasis might not be given to review of all areas of the contract if the standings agenda items for the Project contract meetings do not fully address all the operational areas detailed in the contract.	In focusing on emergent and current issues, the contract meetings are more likely, I feel, to cover all areas of risk. Fixed/Standard agenda's can contribute to complacency.  Happy to review the agenda however.	Oct 08
2	It is recommended that the Waste Disposal Manager and the Head of Environment & Consumer Services considers the merits of producing an annual report to RBC members outlining performance, achievements and progress against targets. This could then be extended to a report or summary that is featured in or linked to the Corporate Plan and/or the Council's website.	Advisory	The lack of an annual progress or activity report reduces the opportunity to publicise the achievements or outcomes of the Re3 partnership.	The Contractor produces an Annual Environment Report (AER) which may serve a purpose here.  The AER is produced in June/July each year and, once published, I would propose to prepare a report to CMT which summarises it's contents and provides a clear link back into RBC.	July 09
3	It is recommended that the officer project team also reviews the risk register on a regular (quarterly) basis in advance of the review by the project management group to ensure it is an agreed record and accurately reflects the status of risk(s) facing the partnership at that point in time.	Advisory	The lack of a clear record of regular review and agreement of the risk register by the officer project team could indicate an unevenness in the way that risks are monitored.	The Project Team reviews the risk register monthly and reports it to the Joint Waste Disposal Board quarterly. I agree that there is some value in recording the fact that it is reviewed however.	Oct 08



4	<p>For convenience and simplicity it is suggested that the current risk register is improved further by:</p> <ul style="list-style-type: none"> <li>giving a single rating for each risk that is informed by the existing probability and impact factors</li> <li>plotting these risk ratings on to a standard 'risk grid' as per the council's standard proforma.</li> </ul>	<b>Advisory</b>	A minor inconsistency between risk rating methodologies.	Happy to develop this as it will be helpful.	Oct 08
5	It is recommended that management ensures that the directorate / corporate risk registers reflect specific (high level) risks detailed in the Re3 risk register, where appropriate.	<b>Essential</b>	Key operational / financial risks identified by managers might not be reflected on directorate or corporate risk registers	Will contact Dani Ridout to establish a link from the partnership risk register to the appropriate RBC equivalent.	Oct 08
6	It is recommended that periodic checks are carried out on a sample of copy receipts (or alternatively against the weighbridge system itself) to confirm the declared transaction weights reported by the contractor as part of the monthly invoice.	<b>Advisory</b>	Inaccurate weighbridge readings could impact on the payments to the contractor	Agreed. Quarterly checks will be carried out to confirm the copy receipt weights match the weighbridge reports.	Oct-Dec 08
7	It is suggested that the structure of (and in particular the formulae used in) the unitary charge calculator database is agreed and then formally signed off by the RBC's Project Manager representative.	<b>Essential</b>	Unless there is an assurance that the unitary charge calculator record has been formally checked and agreed as fit for purpose there is a potential risk that invoices might not be accurate	The Project Management Team will request that the contractor appends a declaration to the Unitary Charge stating that the formulae have been altered and no other amendments have been made.	

8	<p>In order to promote a better separation of duties it is recommended that:</p> <ul style="list-style-type: none"> <li>on the CHAPS electronic transfer request and authorisation form (used to evidence the payment, that the name of the budget holder is recorded as the Waste Disposal Manager and countersigned by the Chief Accountant)</li> <li>the final reconciliation is maintained is maintained by the Principal Finance &amp; Admin Assistant, who should reconcile transactions back to Oracle Financials as part of that reconciliation. That reconciliation should then be countersigned either by the Chief Accountant and / or the Waste Disposal Manager.</li> </ul>	Essential	Under current procedure there is a lack of a full separation of duties over invoicing, payment and reconciliation of funds.	Agreed. The final quarterly reconciliation will be reconciled back to Oracle Financials and countersigned.	From Oct 08
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**Critical** - These relate to areas where internal audit has identified one or more of the following:-  
 fraud, corruption, breaches of statutory requirements or Council policy, failure to act reasonably in the implementation of previous audit recommendations, evidence of serious management control failure

**Essential** - these relate to findings of an administrative/operational nature which, although they may be significant for management, are not considered to have strategic or corporate implications. Nevertheless, the weaknesses identified within the internal control framework could, if not addressed, significantly increase risk.

**Advisory** - these relate to findings of an administrative/operational nature, where our recommendations are simply intended to increase efficiency and effectiveness.

**1. Payment Mechanism****(Priority 2)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>Controls around the payments of the monthly unitary charge should be strengthened.</p> <p>Payment should only be made upon receipt of a valid invoice received from Reading Borough Council confirming WBC's share of the monthly unitary charge.</p> <p>As a minimum the spreadsheet received should be password protected or in PDF format.</p>	<p>The Joint Working Agreement specifies that Reading Borough Council pay the invoice from WRG on behalf of all the authorities. An email is received with attached spreadsheet detailing how the payments will be split. As per financial regulation 12.1.21.9 Payments shall only be made where an original invoice is provided as a supporting voucher, OR the invoice is produced electronically by a system approved by the Chief Financial Officer.</p> <p>Audit sample testing confirmed that in each instance selected, a payment had been made with adequate authorisation. However, we were unable to verify that an invoice had been received prior to payment from the administering authority for five of the seven months of the financial year. Payment is currently made based on an email with a spreadsheet attached detailing the Council's share of the monthly unitary charge, however the Joint Working Agreement does not specify that payments can be made on this basis.</p> <p>Where payments are not made through receipt of accurate, complete and correct documentation there is a risk that the integrity of the data is compromised. Where insufficient documentation is maintained for payments there is a lack of transparency as to why payments have been administered, this may increase the risk of incorrect or fraudulent payments being administered resulting in a direct financial loss for the Council.</p>	<p>Head of Accountancy and Procurement</p>
<b>Management response</b>		<b>Deadline</b>
<p>It is agreed that invoices should be received and placed on WISE prior to payment to RBC, however the Joint Working Agreement does not lend itself to this process as payments are required to be made to the lead authority (RBC) within 5 working days of the end of the contract month.</p> <p>Reading have confirmed that they will in future he will fax the VAT invoice across to Lianne Wright hopefully before we have to make payment each month, this also has the benefit that we won't have to do a VAT voluntary disclosure in future. The spreadsheet that enables us to thoroughly check the figures is still the most important document in terms of making the payment, this will be password protected going forward.</p>		<p>31<sup>st</sup> July 2009</p>

## 2. Supporting invoices for payments

(Priority 3)

Recommendation	Rationale	Responsibility
<p>An invoice should be received and maintained on WISE in order to support the payment of the monthly unitary charge from WRG.</p>	<p>The Joint Working Agreement specifies that Reading Borough Council pay the invoice from WRG on behalf of all the authorities. An email is received detailing how the payments will be split. An invoice is then received from Reading detailing WBC's share.</p> <p>Audit sample testing confirmed that in each instance selected, a payment had been made with adequate authorisation. However, we were unable to verify that an invoice had been received prior to payment from the administering authority for five of the seven months of the financial year.</p> <p>Where no invoices are recorded there is an increased risk of incorrect payments being administered, with no management trail in place to support payment</p>	<p>Purchase to Pay Officer (Accounts Payable)</p>
Management response		Deadline
<p>Agreed.</p>		<p>31<sup>st</sup> July 2009</p>

### 3. Revision of the Joint Working Agreement

(Priority 3)

Recommendation	Rationale	Responsibility
<p>The Joint Working Agreement should be reviewed and updated to reflect the current practices in relation to payments of the monthly unitary and quarterly reconciliation charges.</p>	<p>Schedule 40 of the project agreement states in relation to the monthly unitary charge, under 1.2.1 -</p> <p>"Not less than 5 Working Days before the end of the relevant Contract Month, each Party (other than the Administering Authority) shall make a Payment to Administering Authority equal to its share of the Monthly Unitary Charge calculated in accordance with this Schedule 1 (Financial Allocation Mechanism)."</p> <p>It was identified that none of the payments to Reading Borough Council in relation to the PFI Contract for the current financial year had been paid within five days prior to the end of the contract month. Furthermore, it was deemed an unrealistic target due to the workings of WRG and the contract. Dialogue with Reading Borough Council and Bracknell Borough Council Heads of Internal Audit who confirmed our findings in this area.</p> <p>Where payments are not processed in a timely manner, there is a risk of late payments, which may affect future credit agreements.</p>	<p>Project Director / General Manager, Place and Neighbourhood Services</p>
Management response		Deadline
<p>Agreed in principle, pending confirmation of definition of contract month. The PFI contract relates to schedule 24 for definition of "Contract Month". As defined under schedule 24 it states - "Contract Month - Means a calendar month except for:</p> <ul style="list-style-type: none"> <li>- a) the calendar month in which the Service Commencement Date falls, which shall be the period commencing on the Service Commencement Date and ending on the last day in the relevant calendar month;</li> <li>b) the calendar month in which the Expiry Date or Termination Date (as the case may be) falls which shall be the period commencing on the first day of the relevant calendar month and ending on the Expiry or Termination Date (as the case may be)." </li></ul>		<p>31<sup>st</sup> January 2010</p>

#### 4. Quarterly Reconciliation of Payments Received

(Priority 3)

Recommendation	Rationale	Responsibility
<p>The quarterly reconciliation payment, based on percentage usage, should be obtained for both quarters of the financial year.</p>	<p>Each quarter, a reconciliation invoice is received detailing the two payments on Account and the reconciliation based on actual tonnages. In the event that the authorities have overpaid, the overpayment will be subtracted from the following month's payment.</p> <p>Due to a dispute in relation to actual tonnage calculations following a usage survey, no quarterly reconciliation payments have been received to date for this financial year.</p> <p>Where no reconciliation payments are received, there is a risk the Council may be overpaying for services used, resulting in direct financial loss where not recovered.</p>	<p>Project Director / General Manager, Place and Neighbourhood Services</p>
Management response		Deadline
<p>Agreed.</p> <p>The issue restricting the quarterly reconciliation payments has now been resolved, reported and agreed by the Joint Waste Disposal Board.</p>		<p>31<sup>st</sup> July 2009</p>

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To assist management in using our reports, we have categorised our recommendations according to their level of priority as follows:

- Priority 1*     Fundamental control weakness for senior management action
- Priority 2*     Other control weakness for local management action
- Priority 3*     Recommended best practice to improve overall control

3) BRACKNELL FOREST 2010

Ref	Weakness	Risk/Implication	Recommended Actions	Priority	Agreed Management Action	Responsibility	Target Date
2	<p>The roles and responsibilities of each Council in the RE3 Partnership are governed by the RE3 Joint Working Agreement (JWA). However, at the date of this audit the revised JWA was signed off by the Council and was awaiting sign off by Reading, and Wokingham Borough Councils. A delay of over 3 months was noted.</p> <p>Our audit also indicated that there are no formal Terms of Reference in place for the:</p> <ul style="list-style-type: none"> <li>- RE3 Project Director reporting to the Joint Waste Disposal Board (JWDB); and</li> <li>- Joint Waste Officers Group i.e. the operation team, finance team and the communications team for all 3 Council's.</li> </ul>	<p>Lack of a formal binding Joint Working Agreement and terms of references may lead to disagreement over the roles and accountability of individual Councils which could have an adverse impact on the partnership and its objectives.</p>	<p>The JWA should be agreed and signed off by all partners of the RE3 Partnership.</p> <p>Formal terms of reference should be prepared for the RE3 Project Director, and Joint Waste Officers Group. The Council should raise this with the RE3 Joint Waste Disposal Board.</p> <p>The Council needs to be aware of the potential risks and should register these within the department so that it informs the Strategic Risk Register.</p>	2	<p>Agreed.</p> <p>There is little risk of any significance in not having the JWA formally signed at any point in time. The terms of the revised document are being applied but we are awaiting confirmation that the formal signing has taken place.</p>	Chief Officer - Environment and Public Protection	1 April 2010
6	<p>We reviewed the most recent risk matrix appended to the February 2010 JWDB meeting documents and noted that the risk register was incomplete in particular:</p> <ul style="list-style-type: none"> <li>▪ The following <i>Medium Risks</i> did not have an action date: <ul style="list-style-type: none"> <li>No. 18 - WRG Board,</li> <li>No. 22 - Performance Failure (Contractor),</li> </ul> </li> </ul>	<p>There is a risk that unrecorded and/or incomplete risk register could have severe financial and/or operational impact should the risks crystallise.</p>	<ul style="list-style-type: none"> <li>▪ The risk register should be complete i.e. it should have the agreed action dates for all risks.</li> <li>▪ The risk register should be updated on a monthly basis on the progress of the agreed action.</li> </ul>	2	<p>Agreed.</p> <p>Risk is reported to the Board each quarter. The detail being reported is being developed. These comments will be given to the</p>	Chief Officer - Environment and Public Protection	1 April 2010

	<p>No. 23 - Performance Failure (councils) (2) and</p> <p>No. 25 - Review of Fire Detection system O&amp;M Manuals</p> <ul style="list-style-type: none"> <li>▪ The <i>following Medium Risk</i> did not have a Potential Mitigation or response: </li></ul> <p>No. 21 - Performance Failure (Council's)</p> <ul style="list-style-type: none"> <li>▪ The following High and Medium Risk did not have a update on the mitigation of the risks:</li> </ul> <p>No 16 - LATS: Councils exceed allowance 2019/2020 (Target Year 3 of 3) – High risk</p> <p>No. 21 - Performance Failure (Council's) – <i>Medium Risk</i></p>		<ul style="list-style-type: none"> <li>▪ There should be a clear link of the risk to the RE3 Action Plan.</li> </ul>		<p>Project Manager with a view to making members of the Board aware of the concerns.</p>		
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**TO: JOINT WASTE DISPOSAL BOARD**  
**1<sup>st</sup> July 2010**

**JOINT WASTE DISPOSAL BOARD**  
**REPORT ON SHARED SERVICES AND COLLECTION CONTRACT RE-LET**  
**(Report by the Project Director)**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to provide further detail on the potential processes involved in the future consideration of a shared waste collection service for the re3 councils.

**2. RECOMMENDATIONS**

- 2.1 To note the contents of this report and request that Officers update the Members at a subsequent meeting of the Joint Waste Disposal Board.**

**3. SUPPORTING INFORMATION**

**Background**

- 3.1 The re3 councils are seeking ways to maximise service efficiencies and reduce costs. One way to do this might be to have one contract for the collection of waste. To do so would necessitate an EU procurement process and the earliest that this could be effected is from the 1 April 2019. This will be the first available break points in the individual contracts that Bracknell Forest and Wokingham will have in place.
- 3.2 The three councils already share a long term contract for the management of their waste. Whilst any future service could theoretically include other local authorities, it would be a complicating factor under the present performance management, licensing and legislative framework. There appears to be a scale, synergy and co-dependence between the re3 councils that could make sharing a success. At present, Bracknell Forest and Wokingham have externalised refuse and recycling collection services. Reading has an in-house collection service. Reading and Bracknell utilise wheeled bins for their collections and also operate alternate weekly collections. Wokingham utilises plastic sacks for its refuse collections, whilst providing boxes for the collection of kerbside recyclables. All three councils offer an opt-in green waste collection service although it is not yet Borough-wide in Wokingham.
- 3.3 None of the differences between the councils would prevent a new service from being developed, and potentially shared, between the councils. Additionally, none should be considered as more or less important as any other. However, the councils appreciate that the potential efficiency of such a service could be improved through common aspects of the collections and the way they are delivered.
- 3.4 One of the key aspects to explore in any new service would be the need for three operational hubs (a depot and client team in each Borough) alongside the two points of delivery as provided for by the existing shared waste PFI for waste management. It seems logical that the move to a smaller contingent of depot's and client teams could be assisted by a reduction in service differences between the three councils.

**Programme**

- 3.5 The services would need to go through two distinct phases before a new service could be created. The councils should consider whether these processes can start now or whether they are best left to a point in time nearer to 2019.

- 3.6 It is estimated that to affect a single contract would take four years. An indicative work plan is as shown below for information purposes. It shows the range of factors that need to be taken into account prior to April 2019. A key milestone would be April 2017 when a firm decision would be needed as to whether or not to seek a single tender and if so to what specification and what are the management/funding arrangements to be.
- 3.7 The first practical step would be to undertake an exercise in which the services are theoretically reconciled. This would involve the complete modelling of the existing services in such a way that the existing, individual units of service could be identified as common units across the three services. This would obviously be dependent on the way in which the individual services are built but would most probably be at the level of individual crews and would need to include factors such as productivity and the type and size of area they serve.
- 3.8 Following this the councils would need to agree on any changes to service that they feel would be required. This 'reconciliation' stage would involve change for each of the councils. This stage would need to be conducted at a removed or theoretical level. Once agreed, however, the conclusions from the exercise would be modelled to test their potential efficiencies against the prevailing services.
- 3.9 Step 2 would be to consolidate the services, again initially at a theoretical level. This would involve taking the reconciled service units and configuring them as one service. At this stage, it will be easier to finalise some of the outstanding issues which can't really be investigated until a single service is formed i.e. size of client team, location of depots.
- 3.10 The consolidated service can then be set alongside agreed comparators such as the existing cost of collection across the three services or any other appropriate comparison.
- 3.11 The diagram at Appendix 1, below, describes the way in which the broad process might be followed, with successively less theoretical (and thus increasingly more definite) stages moving towards a final decision point.

### **Financial**

- 3.12 It is estimated that the cost of an investigation, as described above, would currently be in the region of £25,000-50,000.

## **BACKGROUND PAPERS**

Report on Shared Services to JWDB on February 24<sup>th</sup> 2010.

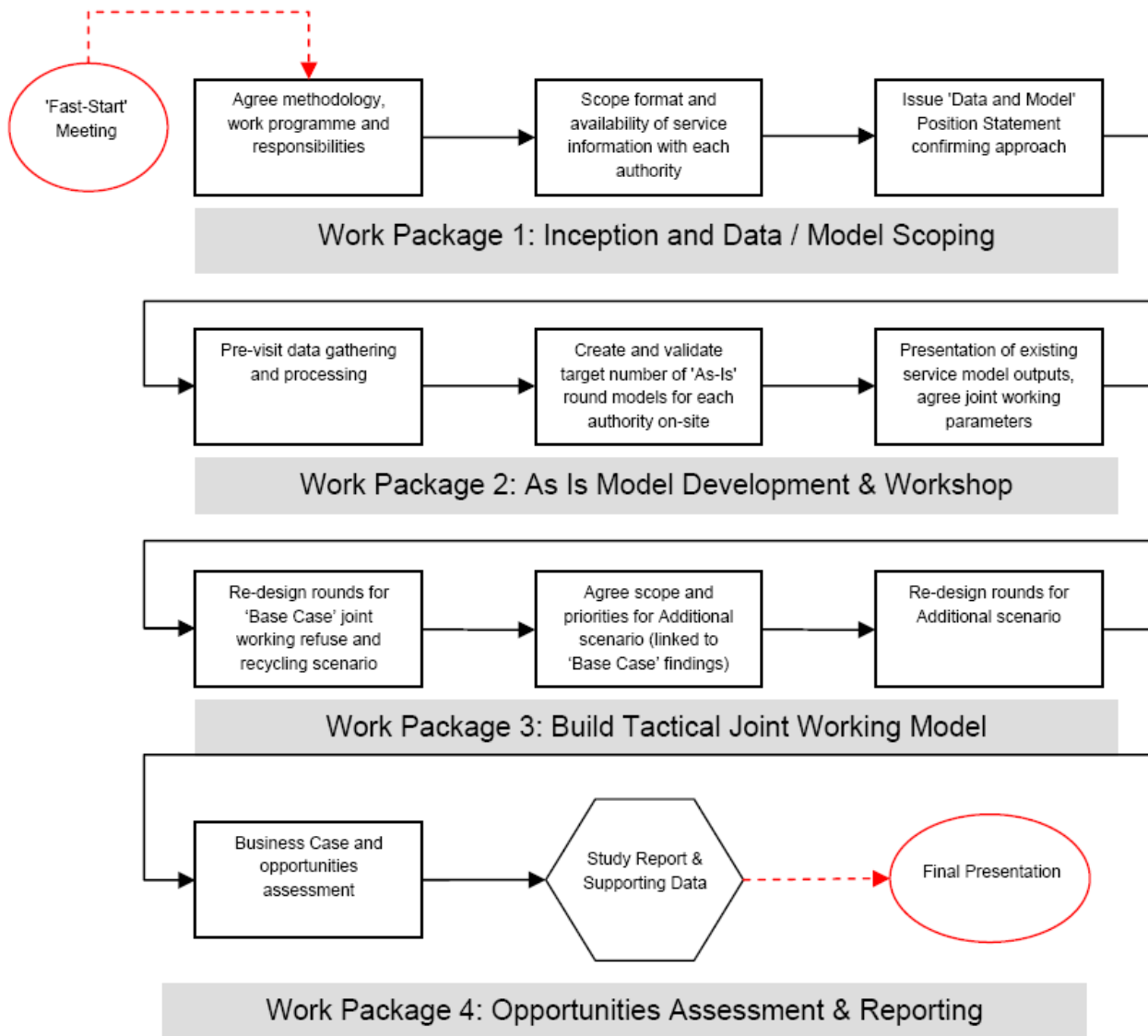
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Appendix 1. Example of Process for Assessing Potential Shared Refuse Collection Service

**Figure 1.2 Project Structure**



## Appendix 2. Service Areas In Which Potential Savings Might Be Identified (via a Shared Refuse Collection Service).

The list below details some of the areas of potential saving that the councils may wish to investigate with regard to a consolidated or shared service:

1. Infrastructure Optimisation – Do the three councils need three, stand alone fleets of collection vehicles? Could they share services such as bulky and clinical collections?
2. Clienting costs – Do the councils need three separate, supported client teams all using different IT systems?
3. Vehicle and labour cover – potential, in a bigger fleet/workforce, for reductions in the cover that we all have to carry
4. Vehicle procurement – contractors may have more buying power and access to better prices than local authorities, but councils sometimes have access to cheaper borrowing. Can putting the two together realise savings?
5. Productivity – Could the collection rounds be optimised across the entire partnership area if, amongst other things, the Borough Boundaries were no longer a barrier?
6. Market response – Can we achieve savings or improvements by packaging a larger contract in such a way that there is market interest and serious competition?
7. Duplication – we already share waste education but could the councils save resources and be more effective by sharing their enforcement roles?
8. Workforce harmonisation – are there savings in the range of terms and conditions?
9. Premises – in conjunction with other changes, could the number of depot's and their costs be reduced?



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