

**JOINT WASTE DISPOSAL BOARD
20th OCTOBER 2005**

**PROJECT UPDATE
(Report by Project Director)**

1. INTRODUCTION

- 1.1 This report highlights the progress of the project since the last meeting of the Joint Waste Disposal Board (“the Board”).
- 1.2 As there are three new Members on the Board, prior to consideration of the written report, there will be a short presentation giving an overview of the project to date.

2. RECOMMENDATION

- 2.1 **That the Board receives the presentation.**
- 2.2 **That the Board notes the progress of the procurement process.**

2.3 SUPPORTING INFORMATION

2.4 Background

- 2.5 At its last meeting the Board agreed a recommendation that Waste Recycling Group progress to the Preferred Bidder stage of the procurement and recommended that each authority formally approve a decision to appoint Waste Recycling Group (“WRG”) as Preferred Bidder.

- 2.6 It was also agreed that Shanks be approached to be retained as a reserve bidder in the event that negotiations with WRG do not yield a successful outcome.

- 2.7 Prior to recommending to the Councils that they move to financial and contractual close it is necessary to conclude a period of negotiations with the preferred bidder to agree the details of the service to be provided and finalise the financial and contractual framework to the satisfaction of all parties.

2.8 Appointment of Preferred Bidder

- 2.9 Following the recommendation of the last Board at its meeting of 20 April 2005 WRG were formally offered and accepted status as the Councils’ preferred bidder and Shanks agreed to be retained as the Councils’ reserve bidder.

2.10 Preferred Bidder mobilisation

- 2.11 Following their appointment as preferred bidder WRG have increased the capacity of their team dedicated to the delivery of this project and have taken up office space in Bracknell as a base for their project team.

- 2.12 In order to finalise the design and proposed methods of construction of the facilities to be provided under the contract WRG have embarked on a series of detailed site investigations on the two Council owned sites. Site

investigations have now been completed at Smallmead, Reading and are imminent at Longshot Lane, Bracknell.

- 2.13 Provided that the outcome of the ground investigations are consistent with the basis of the site development approach set out in their BaFO proposals WRG intend to prepare and submit planning applications for the two sites as soon as practicable. At present it is expected that an application for the Longshot Lane site might be submitted in December 2005 with an application for Smallmead following in February 2006.
- 2.14 Preferred Bidder Negotiations
- 2.15 A negotiation team comprising officers from the JPT and supported by the Councils' consultant advisors has been established and is engaged with WRG in a series of technical, financial and legal negotiations.
- 2.16 The approach and progress of the negotiations are detailed in a separate report to this meeting.
- 2.17 Joint Working Arrangements
- 2.18 Members of the JPT have continued to develop their thinking as to the nature of the arrangements to be put in place between the Councils. This includes the development of a Joint Working Agreement to regulate the rights and responsibilities of the partner authorities behind the main project agreement with WRG.
- 2.19 During the coming phase of the project it will also be necessary to prepare detailed proposals for consideration at a future meeting of the Board recommending a management structure and arrangements for the effective joint administration of the contract once it is up and running.
- 2.20 A Business Change Group comprising senior officers from each of the Councils has been established to consider joint working issues in the final stages of the procurement and to oversee and coordinate the changes needed at an individual authority level in order to deliver the successful implementation of the PFI contract. The members of the Business Change Group will also be responsible for communication issues in each Council and management of the decision making process up to contractual close.
- 2.21 A number of joint working issues are developed in a separate report to this meeting.
- 2.22 Liaison with DEFRA
- 2.23 Representatives of the JPT have continued to meet with DEFRA to keep them updated as to the progress of the procurement.
- 2.24 Next Steps
- 2.25 The remaining key stages of the project and anticipated high level timetable is set out below:

Complete Negotiations with WRG	October – December
Prepare Final Business Case and consideration of same by DEFRA	January – March
Councils approval process	January – March
Contract commencement	Mid 2006

2.26 The view of the project team is that this timetable is realistic and deliverable however there are clearly a number of factors (for example unforeseen site conditions, significant negotiation issues or difficulties arising from revised government guidance on derogations from standard drafting) that might introduce slippage against this programme pushing financial close into 2006/07. In meetings with the JPT DEFRA have not raised any concerns as to their ability to carry the PFI credit offer over into the early part of the next financial year should this be necessary.

3. LEGAL IMPLICATIONS

3.1 There are no specific legal issues arising directly from this report.

4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications as a direct result of this report.

Background Papers

Reports to Joint Waste Disposal Board on 20 April 2005

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