

**TO: JOINT WASTE DISPOSAL BOARD
23 JULY 2009**

**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 the last meeting of the Board on 18th March 2009.

2. RECOMMENDATION

- 2.1 **That progress made since the last meeting on 18 March 2009 be noted.**

3. SUPPORTING INFORMATION

Operations

- 3.1 Construction work at Longshot Lane has now been completed. The site was approved as complete by the councils Independent Certifier on Friday 3rd July 2009.
- 3.2 The site re-opened to residents on July 13th and has reverted to its full opening hours (8am - 8pm Summer, 8am – 6pm Winter).
- 3.3 Re3 Ltd have been experiencing some problems with the weighbridge system at Smallmead in Reading. The IT system which records details of the vehicles and weights delivering waste was found to fail periodically meaning that reconciliation with WRG's corporate system was necessary by hand (typing in the weights). This is leading to a delay in regular tonnage information being made available to the councils.
- 3.4 Re3 Ltd have been investigating the potential uses of an Automatic Number Plate Recognition (ANPR) system for both Longshot Lane and Smallmead. Such a system would enable WRGB Ltd to capture accurate management information such as numbers of visitors and time spent on site.
- 3.5 Rabbit-proof fencing has been installed along the fence line at the Smallmead Facility.

Partnership

- 3.6 It seems appropriate to break, briefly, from the normal report format and record the position to which the councils have now arrived.
- 3.7 Following Local Government Reorganisation in 1998, the councils decided to work together to address the pressing need to manage municipal waste and to increase recycling. To that end the councils formed their partnership in 1999 and a year later created the Joint Waste Disposal Board.

- 3.8 A number of Councillors and Officers have made significant contributions to the development of the partnership, the application for PFI support, the contract procurement process and now both the development of a contractual relationship and the facilities we are now able to utilise.
- 3.9 The partnership between Bracknell Forest, Reading and Wokingham Borough Councils has demonstrated that, by working together, local authorities are able to achieve more than they would otherwise have been able to as individual authorities.

Finance and Performance

- 3.10 The re3 Management Team have been occupied with the final quarterly reconciliation of 2008/09 and, due to ongoing issues with the weighbridge system at Smallmead (as discussed at 3.3 above) there is a current shortage of specific information available on costs for 2009/10. However, attached at Appendix 1 is a forecast of the outturn for 2009/10 including the first three on account payments of the year.
- 3.11 The outturn figures shown indicate a sizeable underspend. These should be taken as estimates only at this stage. They are based on scheduled, on account, payments only and do not take into account any actual tonnages.
- 3.12 The current re3 Management Budget/Costs are shown in Appendix 2. A majority of the costs shown are for the setting up of the Smallead Office including networking, furniture and IT equipment. The office will be available for Officers of the three Councils to hold meetings, work at a desk, use their own laptops and have printing facilities.
- 3.13 Attached at Appendix 3 are two graphs which compare, for the two complete contract years, the actual cost of the PFI to the original affordability model i.e. what we thought it should cost.
- 3.14 For 2007/08 the graph shows that the PFI cost £18,000 more than was originally assessed as affordable, on a total expenditure of £14.6m.
- 3.15 For 2008/09 the graph shows that the PFI cost £8,000 more than was originally assessed as affordable, on a total expenditure of £18.2m.
- 3.16 To summarise, the PFI has cost the councils within 0.001% of what was estimated.
- 3.17 It should also be acknowledged that the slight variance includes the unexpected £5.00 p/t increase in landfill tax announced early in 2007 and the current reduction in overall waste tonnages.

Risk Register

- 3.18 The councils Management Team have developed a Risk Register to identify and plan the management of areas of risk associated with the PFI contract.
- 3.19 The Risk Register is appended to this report for information. There are no newly identified risks or changes to the risk ratings of existing entries.
- 3.20 The Risk Register has however been updated to include the ongoing progress in terms of the fire system and gas monitoring.

Lakeside

- 3.21 Members will be aware that the Grundons MRF at Colnbrook was severely damaged in a recent fire. Despite its proximity to the MRF, the Lakeside EfW facility was not affected as a result of the incident.
- 3.22 Commissioning of the EfW facility is due to start imminently. Grundons are reportedly preparing to take the full complement of waste (equivalent to 60,000 tpa) from the start of commissioning onwards.
- 3.23 The re3 councils had hoped to be able to derive around 85% of the waste intended for EfW from Longshot Lane in Bracknell. Longshot Lane receives waste from Bracknell Forest and Wokingham Borough Councils only. That presents the partnership with a performance reporting problem in that Reading Borough Council will appear to be diverting very little from landfill in comparison with Bracknell Forest and Wokingham Borough Councils despite all three of them paying for their 'fair' share of the total EfW cost.
- 3.24 It was hoped that one of the aspects of creating a Joint Waste Authority (the pooling of targets) would facilitate a solution to this issue.
- 3.25 However, Officers have asked WRG to assess the cost of hauling the Reading Borough Council waste from Smallmead in Reading to Lakeside EfW. This will result in more waste from Longshot Lane being transported to Sutton Courtenay Landfill but will at least result in an equitable split of the tonnage to EfW for each council.
- 3.26 A proposal from WRG had not been received at time of writing and so further information will be included in the September 2009 Joint Waste Disposal Board reports.

BACKGROUND PAPERS

Reports to Joint Waste Disposal Board, December 2008
Exempt document – Risk Register

CONTACTS FOR FURTHER INFORMATION

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Re3 PFI Budget Management

2009/10 Waste PFI Outturn Projection

	BFBC	RBC	WBC	TOTAL
Apr-09 (On Account)	417,856	595,473	678,737	1,692,066
May-09 (On Account)	411,192	603,243	693,104	1,707,539
Jun-09 (On Account)	432,244	633,112	733,293	1,798,649
Jul-09 (Forecast)	474,815	638,474	751,829	1,865,118
Aug-09 (Forecast)	442,969	587,795	709,870	1,740,634
Sep-09 (Forecast)	465,918	628,401	739,121	1,833,441
Oct-09 (Forecast)	434,686	597,261	687,448	1,719,395
Nov-09 (Forecast)	399,596	561,577	625,526	1,586,700
Dec-09 (Forecast)	374,151	572,990	565,345	1,512,486
Jan-10 (Forecast)	434,294	579,531	688,033	1,701,858
Feb-10 (Forecast)	380,085	533,109	596,770	1,509,965
Mar-10 (Forecast)	432,650	602,763	673,215	1,708,628
TOTAL	5,100,457	7,133,730	8,142,292	20,376,478
Estimated Payments (Note 5)	221,000	221,000	221,000	663,000
Estimated Deductions (Note 6)	-80,000	-80,000	-80,000	-240,000
2009/10 Projected Outturn	5,241,457	7,274,730	8,283,292	20,799,478
2009/10 Budget	5,469,917	7,532,302	8,590,446	21,592,665
2009/10 Projected Underspend	-228,461	-257,572	-307,154	-793,187

Notes

1. Based on "On Account" invoices for Qtr1 and forecasts.
2. Based on Waste Flow Forecast of 16.04.09
3. Indexation assumed at 2.5% as per April & May 09 On Account
4. Indexation confirmed at 1.7% (April RPIX) for June 09 On Account
5. Estimated Payments - Rates, fly ash and additional haulage before Lakeside opening.
6. Estimated Deductions - Decrease in inflation rate
7. Apr-Jun weighted
8. Jul-Mar non-weighted

Re3 Management Budget/Costs not included

(see Appendix 2)

APPENDIX 2

re3 Management Budget/Costs 2009/10

July 2009

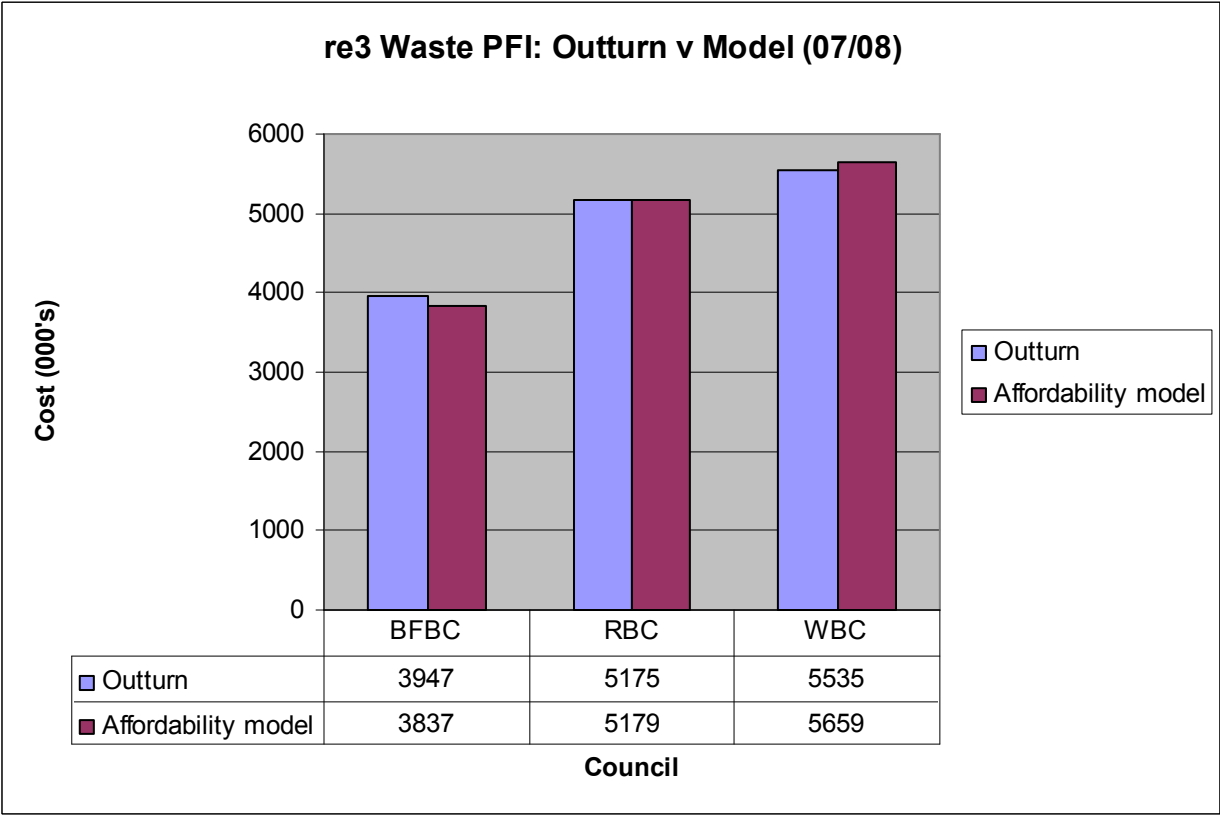
Employees	Cost			
Salaries	133,000	As budget	2009/10 budget	
N.I.	11,300	As budget		
Super.	20,900	As budget		
	165,200			
Training (£3,000)	0			
Total Employees	165,200			
Other Costs	Cost	Company	PO	For

Transport				
Car Allowances (£1,000)	0			
Supplies & Services				
Equipment (£3,500)	6,208	WRGB Ltd	210063	Office Furniture for new Council Offices at Smallmead HWRC
Stationery (£500)				
Consultancy Fees (£60,000)	310	Eversheds	215981	Professional fees 18/03/09 - 20/04/09
	1,500	Blue Heron Com		Draft re3 communications plan - April 2009
	3,960	Blake	220584	Parliamentary Yearbook and Website
	7,321	Eversheds	222198	Professional fees 18/05/09 - 28/05/09
	5,000	Blue Heron Com	222197	Comms support for re3 project - May 2009
Computer Equipment (£6,700)	2,549	NTL & BT & ADSL	-	10 months estimated Line Rentals.
	320	Pinacl	216254	Inst of BT line & ADSL & wireless router
	5,666	Northgate	tbc	Multi-Function Printer & Laptop
	115	Northgate	-	On-going Desktop Maintenance for laptop
Mobile Phones (£400)	0			
S Services/Recharges (£20,500)	20,500	RBC - As budget		RBC
Other Costs sub total	53,449			
			2009/10 Budget	Variance
Total	£ 218,649		£260,800	- £42,151
Recharge 2/3rds	£			
Bracknell	-72,883			
Wokingham	-72,883			

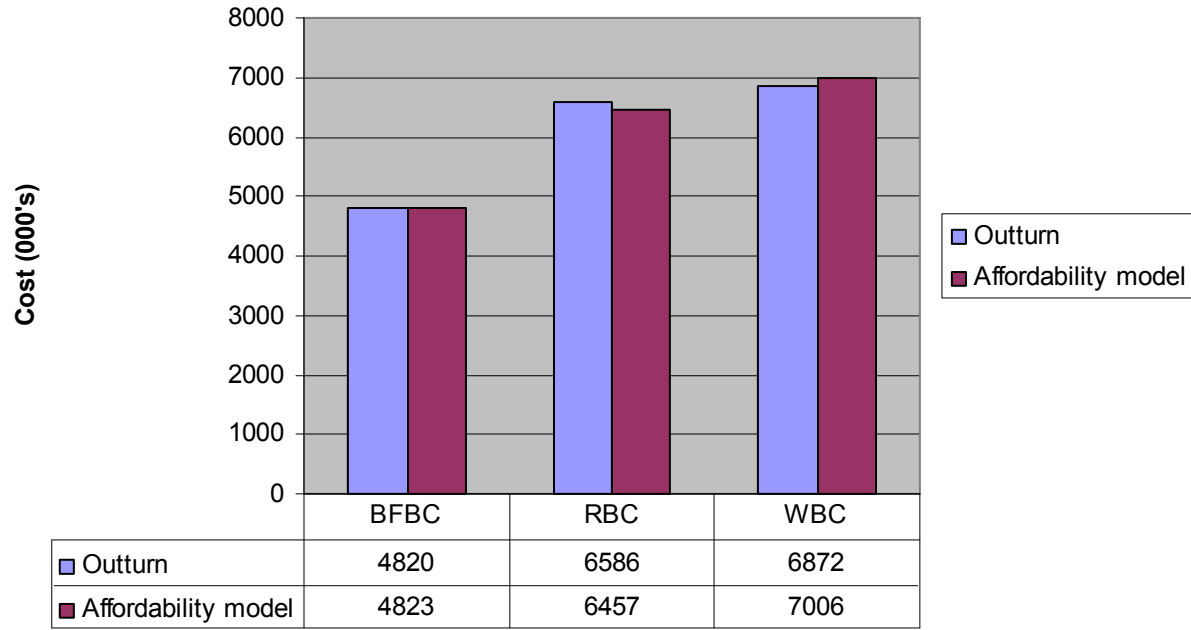
Total -145,766

APPENDIX 3

Comparison of actual PFI expenditure against our affordability model.



re3 Waste PFI: Outturn v Model (08/09)



Outturn	4820	6586	6872
Affordability model	4823	6457	7006

Council