

**TO: JOINT WASTE DISPOSAL BOARD**  
**10<sup>th</sup> December 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 its last meeting on 22<sup>nd</sup> September 2009.

**2. RECOMMENDATIONS**

- 2.1 To note progress made since the last meeting on 22<sup>nd</sup> September 2009.**

**3. SUPPORTING INFORMATION**

**Household Waste Recycling Centre's**

- 3.1 Since the last Joint Waste Disposal Board, both Household Waste Recycling Centre's (HWRC's) have been the recipients of some notable praise.
- 3.2 The HWRC at Smallmead in Reading was awarded Civic Amenity Site of the year by a panel of industry experts at the letsrecycle.com annual awards ceremony.
- 3.3 Shortly after the receipt of the award, the councils received the results of the annual user satisfaction survey at both Smallmead in Reading and Longshot Lane in Bracknell.
- 3.4 The results indicate that residents are really happy with both sites. A breakdown of the results is at Appendix 1.
- 3.5 The award and user satisfaction survey results are both recognition of how much hard work has been undertaken on the part of both the contractor and the councils.

**Waste Recycling Group (WRG) Ltd**

- 3.6 WRG have undergone a recent restructuring of their Board and Management Team part of which will result in a new Chief Executive replacing Jim Meredith.
- 3.7 The new Chief Executive is Paul Taylor and he joins WRG from Sita.
- 3.8 The restructuring will also see John Plant replace Chris Ellis as the Director assigned to the re3 contract. John Plant is an existing WRG Board Member and is knowledgeable in the area of PFI.
- 3.9 Members will be aware that WRG are owned by Fomento de Construcciones y Contratas (FCC), a large Spanish utilities and services provider.

**Finance and Performance**

- 3.10 The updated budget outturn is shown at Appendix 2. The current estimate, now based on 6 months actual payments, is for an underspend of £393,000.
- 3.11 The reason for this position, in comparison with the budget, is a combination of significantly reduced tonnages, a greatly reduced rate of inflation and a drop in the rate of recycling. Taking those points in order:

- The expectation for 2009/10 contract tonnages, based on experience of previous years, was for 207,000 tonnes. It seems that it will be far lower than that assumption at 196,000 tonnes. A small part of this may be down to a reduction in tonnage to the HWRC's as a result of the construction at Longshot Lane but the majority must be a result of the recession.
- Inflation had been running at 4% during 2008/09 and that rate was rolled forward into 2009/10. The rate applied through the contract in 2009/10 is actually 1.7%.
- There has been a drop in recycling. This stems from the overall reduction in waste on the whole but does reflect a greater drop in waste for recycling than in waste to disposal.

3.12 The current re3 Management costs are shown in Appendix 3.

3.13 The re3 Management Team were asked by Members of the JWDB to expand the performance monitoring to include the performance of each council in this report. This has again been expanded to include the individual council's performance monitoring, a re3 performance summary and Lakeside EfW monitoring.

### **Risk Register**

3.14 The councils Management Team have developed a Risk Register to identify and plan the management of areas of risk associated with the PFI contract.

3.15 The Risk Register is included within the agenda for this meeting of the Joint Board.

3.16 As requested by Members, the register has been amended to make revisions and actions clearer. The sections highlighted in light blue are those which have changed since the last meeting.

### **Lakeside**

3.17 Deliveries of waste from the re3 councils are now consistent and at a level equivalent to the annual total of 60,000 tpa.

3.18 Commissioning of the EfW facility is continuing. It is hoped that one of the final stages of the commissioning process, running the facility whilst feeding into the National Grid, will be completed early in December.

3.19 If that stage is passed successfully, the facility is likely to achieve formal handover (completion).

3.20 In the meantime, WRG have been active in seeking a written extension to the contractual Longstop Date. This has resulted in the Longstop Date being extended for a further 6 months to 1 July 2010

3.21 The Chair of the Joint Waste Disposal Board has written to DEFRA to request advice on the reporting issue primarily affecting Reading Borough Council and upon which Members have previously been briefed.

3.22 In the event that DEFRA are unable to assist the councils in addressing this issue, the re3 councils may need to request the re-scheduling of deliveries to Lakeside EfW to reflect the proportions agreed between the councils and described in the Joint Working Agreement.

### **Shared Services**

- 3.23 The re3 councils have contacted the Waste and Resources Action Programme (WRAP) to investigate the potential for shared services.
- 3.24 The success of the partnership, from its earliest stages to the present delivery of services, indicates an ability to work together for common benefit. As such the councils are interested in identifying the scope for savings and improvements which may be realisable via sharing.
- 3.25 Officers will inform Members of progress and report back in detail at a subsequent Joint Waste Disposal Board.

### **Vehicle Livery**

- 3.26 Members have previously considered the issue of vehicle livery. One element of the discussion related to the vehicle which empties bottle banks within the partnership area.
- 3.27 The design for the bottle bank vehicle is attached at **Appendix 4** for information.
- 3.28 The vehicle is intended to serve only the partnership area.

### **BACKGROUND PAPERS**

Progress Report to Joint Waste Disposal Board (22<sup>nd</sup> September 2009)

### **CONTACTS FOR FURTHER INFORMATION**

Mark Moon, Project Director  
0118 974 6308  
[Mark.moon@wokingham.gov.uk](mailto:Mark.moon@wokingham.gov.uk)

Oliver Burt, Project Manager  
0118 939 9990  
[oliver.burt@reading.gov.uk](mailto:oliver.burt@reading.gov.uk)

## Appendix 1

### Comparison of User Satisfaction Survey Results for re3 HWRC's 2008 and 2009

<b>Smallmead</b>	<b>2008</b>	<b>2009</b>
Cleanliness	98%	97%
Staff Helpfulness	95%	92%
Time Spent at site	98%	94%
On site information	93%	94%
Queing	98%	95%
Overall	99%	98%

<b>Longshot Lane</b>	<b>2008</b>	<b>2009</b>
Cleanliness	85%	100%
Staff Helpfulness	82%	97%
Time Spent at site	85%	96%
On site information	52%	91%
Queing	74%	94%
Overall	82%	98%

**Appendix 2  
re3 PFI Budget Management**

1st December, 2009

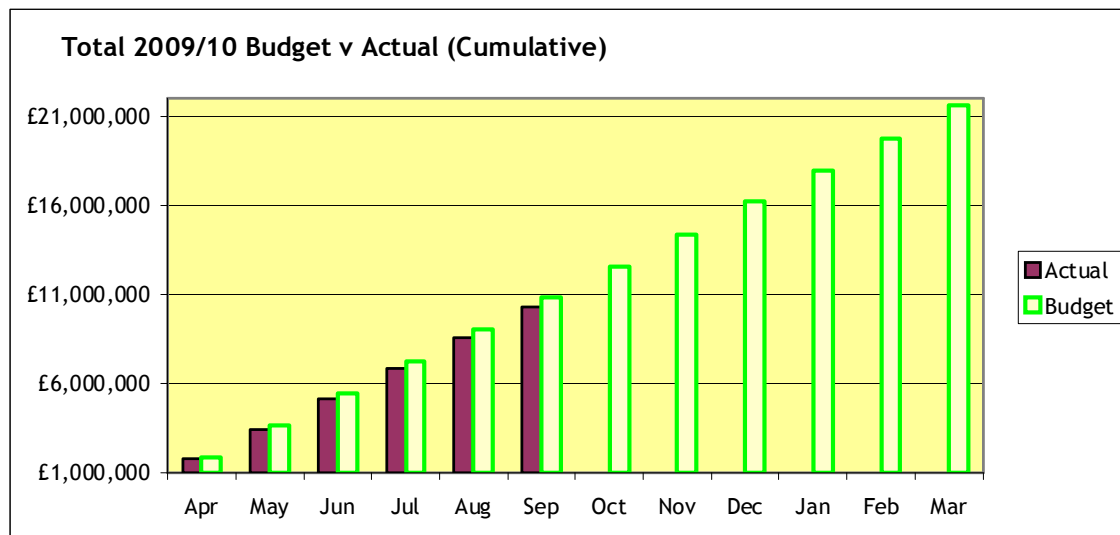
**2009/10 Waste PFI Outturn Projection**

	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 (On Account)	438,640	616,164	706,904	1,761,708
Nov-09 (Forecast)	405,056	582,777	646,715	1,634,547
Dec-09 (Forecast)	381,111	597,723	587,820	1,566,654
Jan-10 (Forecast)	442,738	603,749	713,790	1,760,277
Feb-10 (Forecast)	389,488	559,656	623,571	1,572,715
Mar-10 (Forecast)	443,645	630,979	702,302	1,776,926
<b>TOTAL</b>	<b>4,951,246</b>	<b>7,340,363</b>	<b>8,049,725</b>	<b>20,341,334</b>
Estimated Payments (Note 4)	286,104	286,104	286,104	858,313
<b>2009/10 Projected Outturn</b>	<b>5,237,351</b>	<b>7,626,467</b>	<b>8,335,829</b>	<b>21,199,647</b>
2009/10 Budget	5,335,450	7,666,769	8,590,446	21,592,665
<b>2009/10 Projected Under/Over Spend</b>	<b>-98,099</b>	<b>-40,302</b>	<b>-254,616</b>	<b>-393,018</b>

**Notes**

1. Based on Actual invoices, "On Account" invoice for October and Forecasts.
2. Based on Waste Flow Forecast of 16.04.09
3. Forecasts revised to include the confirmed 2009/10 Indexation rate at 1.7%.
4. Estimated Payments - Contamination Payment, Rates, fly ash and additional haulage before Lakeside opening.
5. Amendments in the previous forecasts have been implemented (Baseline payment, EfW gate fee and royalty payment).

**re3 Management Budget/Costs not included**



Appendix 3  
**JWDB - re3 Waste PFI Management Costs  
 2009/10**

December 2009

Employees	Budget	Cost	Variance	Comment
Salaries, NI & Super	165,200	165,200	0	As Budget
Training (£3,000)	3,000	695	-2,305	
<b>Employees sub total</b>	<b>168,200</b>	<b>165,895</b>	<b>-2,305</b>	

Other Costs	Budget	Cost	Variance	Comment
Transport				
Car Allowances	1,000	207	-793	
Supplies & Services				
Equipment	3,500	6,208	2,708	Equipment for new Council office (set up cost).
Stationery	500	198	-302	
Consultancy Fees	60,000	41,957	-18,043	Legal/Financial fees and communication support.
Purchase of Computer Equipment	6,700	8,650	1,950	
Mobile Phones	400	47	-353	
Support Services/Recharges	20,500	20,500	0	RBC - As budget
<b>Other Costs sub total</b>	<b>£92,600</b>	<b>£77,766</b>	<b>-£14,834</b>	

<b>2009/10 Total</b>	<b>£260,800</b>	<b>£243,661</b>	<b>-£17,139</b>
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Council Recharge (to date)	£
Reading	-£81,220
Bracknell	-£81,220
Wokingham	-£81,220
<b>Total</b>	<b>-£243,661</b>