

**TO: JOINT WASTE DISPOSAL BOARD**  
**24<sup>th</sup> February 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 10<sup>th</sup> December 2009.

**2. RECOMMENDATIONS**

- 2.1 To note progress made since the last meeting on 10<sup>th</sup> December 2009.**

**3. SUPPORTING INFORMATION**

**Lakeside Energy from Waste Facility**

- 3.1 Members will remember that a further, 6 month, extension to the contractual Longstop Date was negotiated in December 2009.
- 3.2 Had the Lakeside facility failed to achieve formal handover, prior to the Longstop Date, the status of the EfW element within our joint PFI would be in doubt.
- 3.3 Lakeside achieved formal handover on January 15<sup>th</sup> 2010.
- 3.4 According to WRG, the contract with Lakeside began on February 1<sup>st</sup> 2010, following a short, planned shutdown of the facility.

**Finance and Performance**

- 3.5 The updated budget outturn is shown at Appendix 1. The current estimate, now based on 6 months actual payments and four on account payments, is for a predicted partnership underspend of £437,864.
- 3.6 As in the previous report, 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.
- 3.7 The current re3 Management costs are shown in Appendix 2.
- 3.8 The re3 Management Team were asked to provide details of the predicted budget for forthcoming years. This is appended, with commentary, at Appendix 3.
- 3.9 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 is included, with narrative from the individual waste officers and the PFI management team, as appropriate, at Appendix 4.

**Contamination**

- 3.10 Contamination of mixed dry recyclables (MDR) by residents is, in practical terms, unavoidable.

- 3.11 Contamination, as defined in the PFI contract, consists mainly of items of waste which cannot be recycled either because of prevailing market requirements or by the Material Recycling Facility (MRF) within the PFI.
- 3.12 The re3 councils have recently undertaken compositional analysis studies to ascertain the level of contamination within re3 MDR and the effectiveness of the collections at capturing material for recycling.
- 3.13 The councils are working together with WRG to reduce contamination and to increase the effectiveness of our existing collections – this being the most cost effective way of diverting waste from landfill and maximising returns within the PFI.

#### **Use of re3 Facilities by non-re3 residents**

- 3.14 The Chair of the Joint Waste Disposal Board has written to the Leader of West Berkshire Council in accordance with discussions at the JWDB meeting on December 10<sup>th</sup> 2009.
- 3.15 The letter is attached at Appendix 5.
- 3.16 The Project Director has requested that WRG prepare options, for practical steps for the denial of access of residents according to their residency, for consideration by Members.

#### **Risk Register**

- 3.17 The Risk Register is included within the agenda for this meeting of the Joint Board.
- 3.18 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 meeting in December 2009.

#### **BACKGROUND PAPERS**

Progress Report to Joint Waste Disposal Board (10<sup>th</sup> December 2009)

#### **CONTACTS FOR FURTHER INFORMATION**

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## re3 PFI Budget Management

4th February, 2010

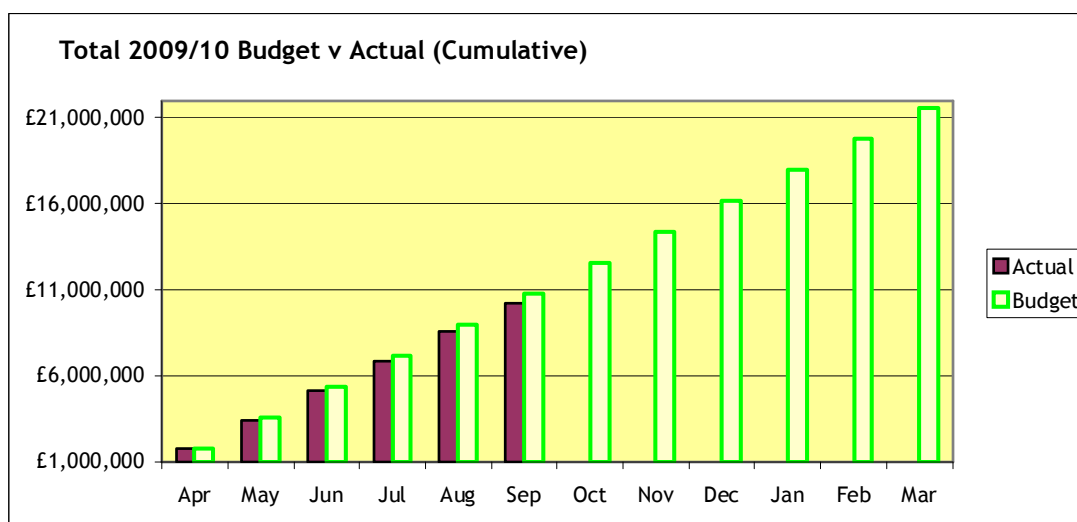
**2009/10 Waste PFI Outturn Projection**

	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)	440,440	617,144	707,094	1,764,678
Nov-09 (On Account)	406,873	583,785	646,943	1,637,600
Dec-09 (On Account)	382,926	598,731	588,044	1,569,701
Jan-10 (On Account)	429,640	597,121	684,523	1,711,285
Feb-10 (Forecast) (Note 6)	377,871	562,216	599,188	1,539,275
Mar-10 (Forecast) (Note 6)	433,619	631,810	683,960	1,749,388
<b>TOTAL</b>	<b>4,921,937</b>	<b>7,340,121</b>	<b>7,978,376</b>	<b>20,240,434</b>
Estimated Payments (Note 4)	200,000	200,000	200,000	600,000
Additional Haulage	80,000	80,000	80,000	240,000
Contamination Payment	21,549	26,741	26,077	74,367
<b>2009/10 Projected Outturn</b>	<b>5,223,486</b>	<b>7,646,862</b>	<b>8,284,454</b>	<b>21,154,801</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>-111,964</b>	<b>-19,908</b>	<b>-305,992</b>	<b>-437,864</b>

-2.0%

**Notes**

1. Based on Actual invoices, "On Account" invoices for October to January 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 - Additional Rates and fly ash.
5. Amendments in the previous forecasts have been implemented (Baseline payment, EfW gate fee and royalty payment).
6. Incorporating revised waste flows agreed on 19/11/09.

**re3 Management Budget/Costs not included**

## Appendix 2

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

February 2010

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
<b>Transport</b>				
Car Allowances	1,000	207	-793	
<b>Supplies &amp; Services</b>				
Equipment	3,500	6,208	2,708	Equipment for new Council office (set up cost).
Stationery	500	198	-302	
Consultancy Fees	60,000	52,583	-7,417	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>£88,392</b>	<b>-£4,208</b>	

<b>2009/10 Total</b>	<b>£260,800</b>	<b>£254,287</b>	<b>-£6,513</b>
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Council Recharge (to date)	£
Reading	-£84,762
Bracknell	-£84,762
Wokingham	-£84,762
<b>Total</b>	<b>-£254,287</b>

## Appendix 3

### re3 PFI Budget Management

#### 4 year Waste PFI Forecast

		BFBC		RBC		WBC		TOTAL
2009/10 Budget	£	5,335,450	£	7,666,769	£	8,590,446	£	21,592,665
2010/11 Forecast	£	6,011,277	£	7,578,096	£	8,949,805	£	22,539,178

#### Notes

Assumptions used to build the 2010/11 budget include as follows:

- (1) Inflation at 2.5% as per the PFI model. Inflation is held at the April rate for each Contract Year.
- (2) Full Service Commencement i.e. all facilities constructed and operational.
- (3) Lakeside receiving waste at the 60,000 tpa rate.
- (4) Rates payment at estimated level
- (5) Landfill Tax increase at £8 pt/pa

		BFBC		RBC		WBC		TOTAL
2011/12 Forecast	£	6,169,688	£	7,779,808	£	9,191,805	£	23,141,301
2012/13 Forecast	£	6,205,744	£	7,815,469	£	9,259,278	£	23,280,491
2013/14 Forecast	£	6,449,306	£	8,119,031	£	9,616,575	£	24,184,912

#### Notes

Assumptions used to build 2011 to 2014 as above.

N.B. the baseline payment reduces in April 2012 resulting in the reduced growth in costs which may be familiar from graphs of the cost profile of the PFI.

## Appendix 4

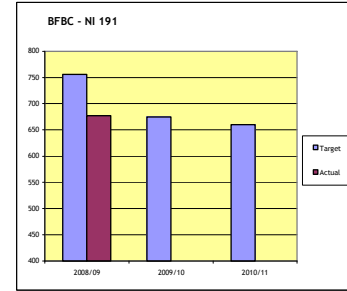
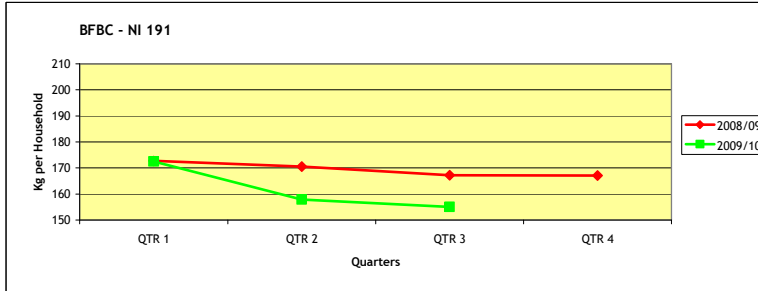
### Bracknell Forest Borough Council - National Indicators

#### NI 191: Residual Household Waste per Household

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Residual Household Tonnes	31246	7956	7284	7152	-	22392
Residual Waste per Household (kg)	677.46	172.51	157.93	155.07	-	485.50

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

Number of Households	46122	46122
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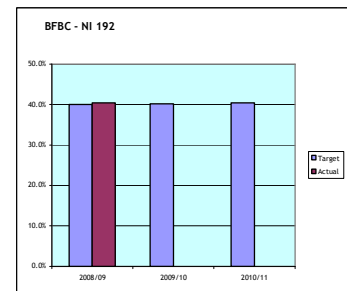
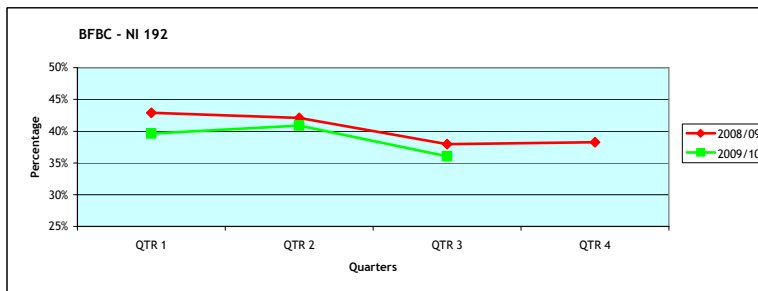


Errors in targets for 2009/10 and 2010/11 have been rectified and BFBC is set to achieve targets.

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

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Reuse, Recycling & Composting Tonnes	21214	5226	5040	4035	-	14301
Total Household Tonnes	52460	13183	12324	11187	-	36694
% Reuse, Recycling & Composting	40.4%	39.6%	40.9%	36.1%	-	39.0%

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

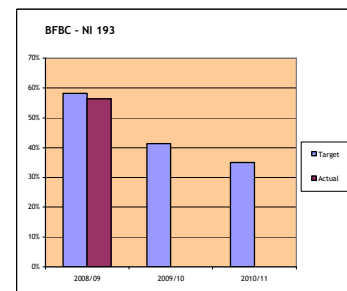
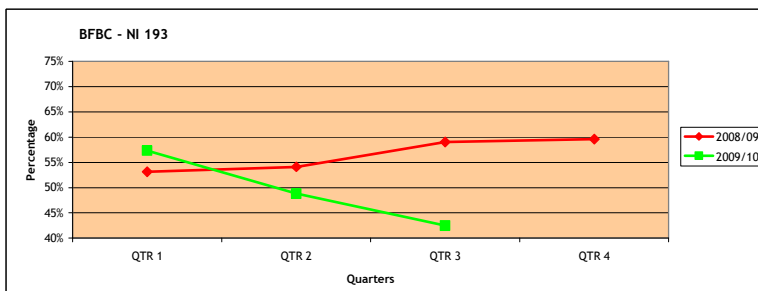


Qtr1 was below target but Qtr2 is above and therefore on track to meet target.

#### NI 193: Percentage of Municipal Waste Landfilled

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Municipal Waste Landfilled Tonnes	31555	8023	6299	5045	-	19367
Municipal Waste Collected	56009	13998	12907	11885	-	38790
% of Municipal Waste Landfilled	56.3%	57.3%	48.8%	42.4%	-	49.9%

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



Landfill continues to decrease. Target is affected by problems with EFW plant and less tonnage being diverted.

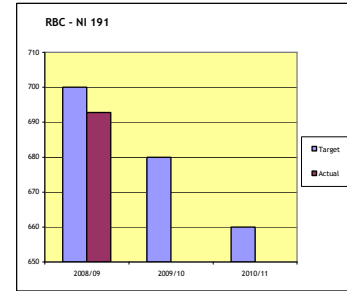
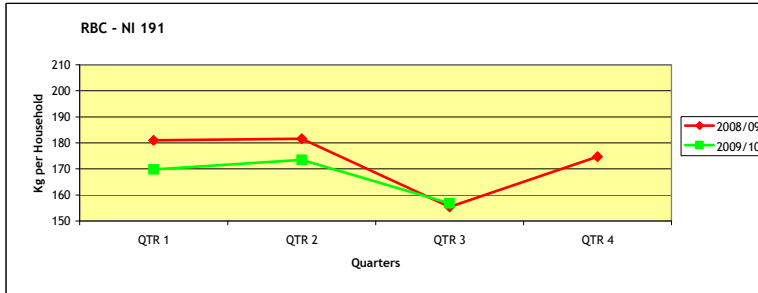
Reading Borough Council - National Indicators

NI 191: Residual Household Waste per Household

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Residual Household Tonnes	45359	11118	11359	10270	-	32747
Residual Waste per Household (kg)	692.75	169.80	173.48	156.85	-	500.13

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

Number of Households	65477	65477
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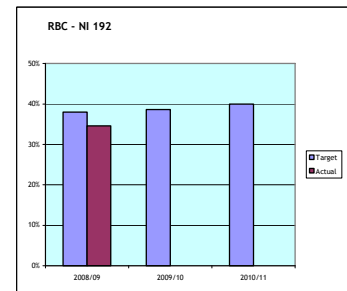
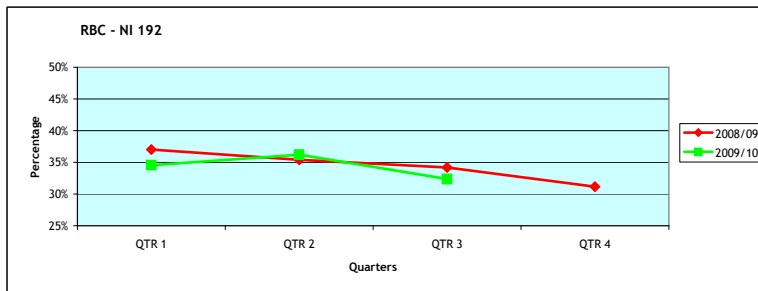


Residual waste per household is creeping back slightly upwards as the local economy recovers from the dip experienced in Q3 of 2008-09. Projected outcome is very close to target for 2009-10.

NI 192: Percentage of Household Waste Sent for Reuse, Recycling and Composting

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Reuse, Recycling & Composting Tonnes	23946	5872	6452	4918	-	17242
Total Household Tonnes	69306	16990	17811	15189	-	49990
% Reuse, Recycling & Composting	34.6%	34.6%	36.2%	32.4%	-	34.5%

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

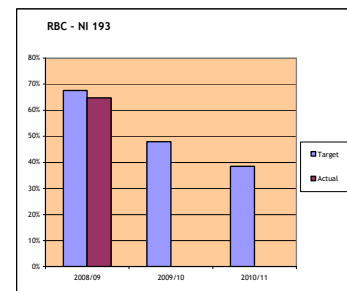
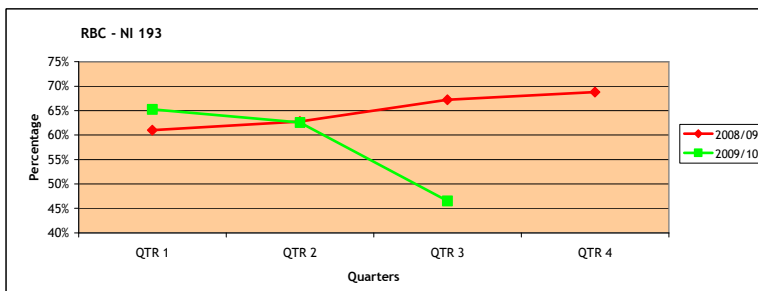


Performance is heading back towards target. This may reflect increasing size and weight of newspapers, periodicals and junk mail as the economy picks up and there is more advertising.

NI 193: Percentage of Municipal Waste Landfilled

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Municipal Waste Landfilled Tonnes	50077	12365	12733	8016	-	33115
Municipal Waste Collected	77333	18959	20353	17237	-	56549
% of Municipal Waste Landfilled	64.8%	65.2%	62.6%	46.5%	-	58.6%

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



Target was set in expectation of Lakeside EFW being available from Q2; delays in commissioning of Lakeside have as a consequence set back performance. Nevertheless, the effect of Lakeside on diversion from landfill (and the value of it within the PFI) over recent months is obvious.

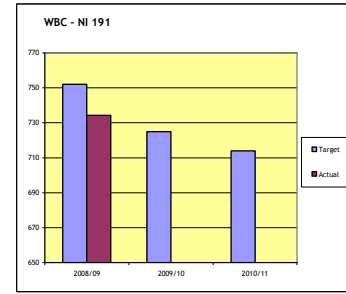
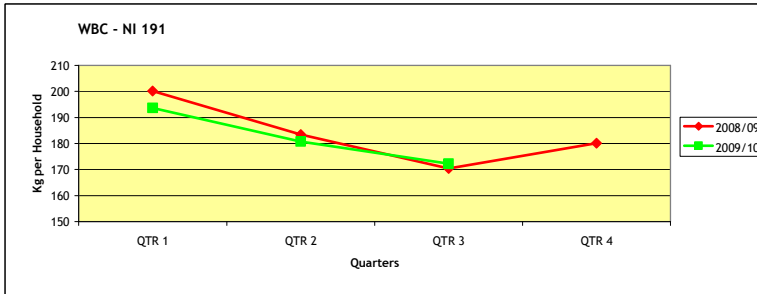
Wokingham Borough Council - National Indicators

NI 191: Residual Household Waste per Household

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Residual Household Tonnes	45322	11952	11161	10632	-	33745
Residual Waste per Household (kg)	734.24	193.63	180.81	172.25	-	546.69

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

Number of Households **61726** **61726**

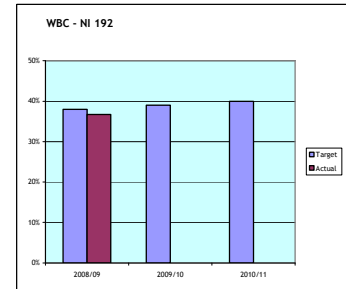
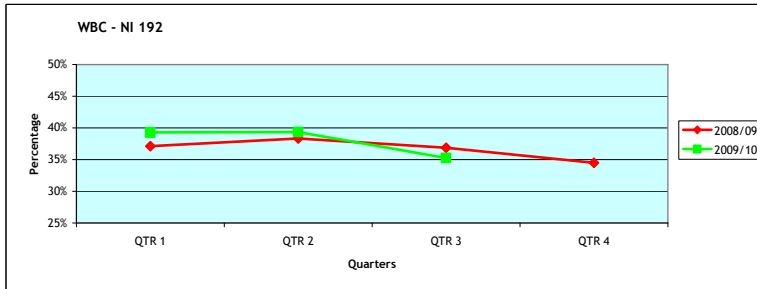


Q1 high but if improvements in Q2 and Q3 continue in Q4 then target will be achieved.

NI 192: Percentage of Household Waste Sent for Reuse, Recycling and Composting

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Reuse, Recycling & Composting Tonnes	26319	7730	7245	5789	-	20763
Total Household Tonnes	71641	19682	18405	16421	-	54508
% Reuse, Recycling & Composting	36.7%	39.3%	39.4%	35.3%	-	38.1%

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

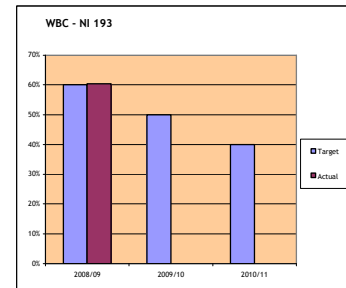
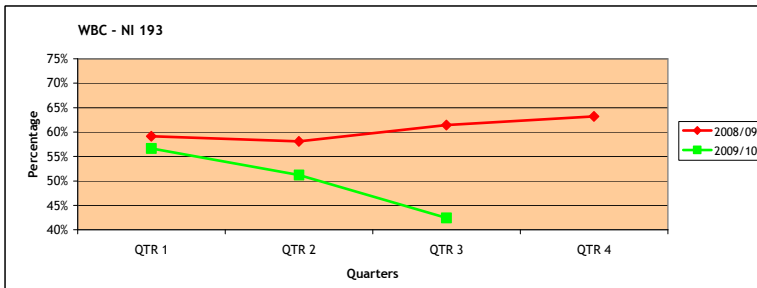


Q1 and Q2 are both above target but Q3 shows a deterioration putting the average for the year below target

NI 193: Percentage of Municipal Waste Landfilled

	2008/09	2009/10				ANNUAL TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
Municipal Waste Landfilled Tonnes	44937	11763	9999	7302	-	29064
Municipal Waste Collected	74453	20758	19520	17207	-	57485
% of Municipal Waste Landfilled	60.4%	56.7%	51.2%	42.4%	-	50.6%

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



The steady improvement highlights the implementation of the EfW tonnage through Q2 and Q3 with the target expected to be achieved.



## Appendix 5

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Date: 11<sup>th</sup> February 2010

My ref: RS/JG  
Cllr Graham Jones  
Leader of West Berkshire Council  
Council Offices  
Market Street  
NEWBURY RG14 5LD

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Shute End, Wokingham
Berkshire RG40 1WL
Tel: (0118) 974 6000
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Minicom No: (0118) 9746991
DX: 33506 - Wokingham

Dear Cllr Jones

I refer to your letter of 28<sup>th</sup> October 2009 which I shared its contents and that of your officer's earlier response with the re3 Board. The re3 Board is a partnership represented by two councillors from each of the three authorities – Wokingham, Reading and Bracknell-Forest. It was the unanimous opinion of the Board that your response was not satisfactory to them, and for that reason, I am writing to you again.

We must achieve a fair and equitable solution to your residents' continued use of the Smallmead Civic Amenity Site as the present arrangement and your proposal to pay £206,000 is neither fair nor equitable. As you are aware, the re3 authorities have entered into a Waste PFI arrangement which will last for a further 21 years. As a result of this arrangement various facilities have been upgraded and you will understand, that this has not only made the sites more attractive to the residents but it has increased the costs to the 3 authorities involved. Our view is that it is unfair for the three Re3 authorities to underwrite the costs associated with the acceptance and disposal of waste generated by your residents, and that your payments should reflect the running costs of the new facilities.

Therefore I would like to invite you one final time to come to the table for a frank and open discussion. Your officers are welcome to meet with my officers at any time to discuss the detail, and I would like that debate about payments to be open and in keeping with and about our current Re3 cost structure.

The Joint Waste Board will be meeting again on 24<sup>th</sup> February and I must ask for an indication of your response by that date for me to report back to them, which I am duty bound to do. If that reply is that you are willing to negotiate with us to reach a fair settlement I will be happy to report that and of course the detail work can follow.

However the Board does see this as a very serious matter and clearly will insist on a fair settlement which clearly so far we do not have – and that cannot continue.

Yours sincerely

Rob Stanton (Cllr)  
Chairman – Joint Waste Disposal Board

c.c. Cllr Hilary Cole, Executive Member for Environment & Public Protection