

TO: JOINT WASTE DISPOSAL BOARD
1st 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 24th February 2010.

2. RECOMMENDATIONS

- 2.1 To note progress made since the last meeting on 24th 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 22nd 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 (24th 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

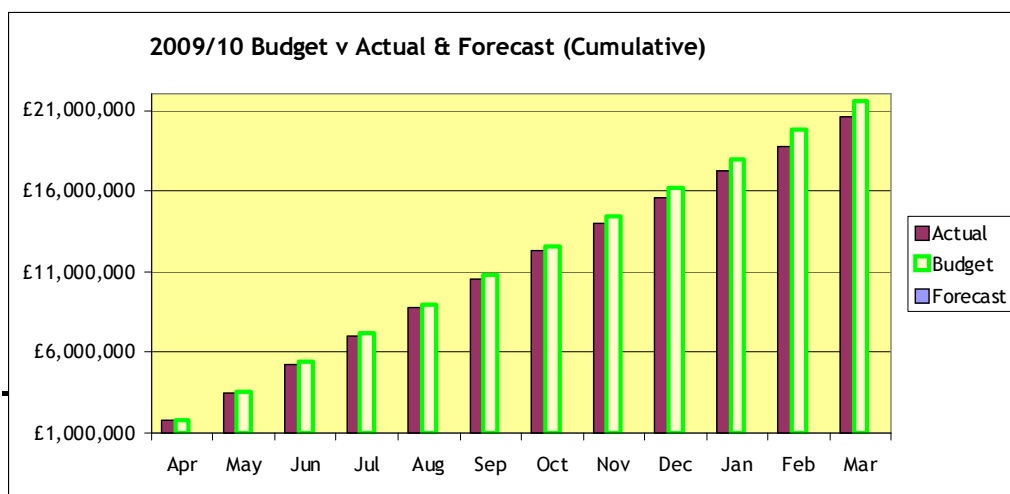
| | BFBC | RBC | WBC | TOTAL |
|---|------------------|------------------|------------------|-------------------|
| Apr-09 (Actual) | 427,095 | 618,064 | 703,729 | 1,748,888 |
| May-09 (Actual) | 405,096 | 595,116 | 665,714 | 1,665,925 |
| Jun-09 (Actual) | 422,704 | 611,096 | 688,737 | 1,722,537 |
| 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 |
| TOTAL | 4,830,944 | 7,336,026 | 7,914,525 | 20,081,495 |
| 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 |
| 2009/10 Outturn | 4,995,433 | 7,530,297 | 8,113,823 | 20,639,552 |
| 2009/10 Budget | 5,335,450 | 7,666,769 | 8,590,446 | 21,592,665 |
| 2009/10 Under Spend | -340,017 | -136,473 | -476,623 | -953,112 |

-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.

| JWDB - re3 Waste PFI Management Costs 2009/10 | | | | |
|--|-----------------|------------------|-----------------|--|
| Employees | Budget | Cost | Variance | Comment |
| 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 | |
| Employees sub total | 168,200 | 117,877 | -50,323 | |
| Other Costs | Budget | Cost | Variance | Comment |
| 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 | |
| Other Costs sub total | £92,600 | £142,923 | £50,323 | |
| 2009/10 Total | £260,800 | £260,800 | £0 | |
| Council Recharge (to date) | | £ | | |
| Reading | | -£86,933 | | |
| Bracknell | | -£86,933 | | |
| Wokingham | | -£86,933 | | |
| Total | | -£260,800 | | |