

TO: JOINT WASTE DISPOSAL BOARD
16th December 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 21st September 2010.

2. RECOMMENDATIONS

- 2.1 To note progress made since the last meeting on 21st September 2010.**

- 2.2 That Members note the clarification of access arrangements at the Household Waste Recycling Centres as detailed from 3.21 to 3.28.**

3. SUPPORTING INFORMATION

Operations and Facilities

- 3.1 The results of the HWRC User Satisfaction Survey are contained within a separate report to the JWDB.
- 3.2 Attached to this report, at Appendix 4 is a proposed memorandum from the members of the JWDB to staff, at both the Household Waste Recycling Centres (HWRC), in recognition of the continued high levels of satisfaction expressed by site users.
- 3.3 Members have previously indicated their preparedness to acknowledge the contribution of HWRC staff in this way.
- 3.4 Works on the improvements to the fire detection and prevention system within the MRF at Smallmead continue. According to the most recently received activity report, work is slightly ahead of schedule. A completion date of 4th February is the current expectation.
- 3.5 The contractual obligation on WRG to make use of Planners Farm composting facility in Bracknell expires in March 2011. WRG have embarked upon a process to ensure that the green waste currently delivered directly to Planners Farm can be processed in accordance with the PFI Contract after that date. Any specific cost implications of this will be communicated as soon as we are made aware of them.

Retail Outlet Replacement

- 3.6 Members will be aware of the undertaking within the PFI contract for a retail outlet at which items could be safely refurbished, repaired and made available for re-use.
- 3.7 Despite the undertaking made by the Contractor in the PFI contract, neither Smallmead or Longshot Lane lend themselves to accommodating retail activity, and retail-only visitors. Once this became apparent, and in consideration of the needs of local charities and waste related enterprises, the councils' PFI Project Team advised the Contractor to focus on an off-site collaboration on a wholesale (rather than retail) basis.
- 3.8 After several presentations and updates at previous Board meetings, the nature of that collaboration now appears to be taking shape.

- 3.9 The Contractor has thrown out a 'net' over the period of late summer and autumn of 2010. The intention was to identify a charity, or charities, who was both capable and willing to work with the Contractor and the PFI Project Team in delivering the equivalent of the originally envisaged retail function.
- 3.10 The process was not a competition but had it been one, the clear winner would have been Sue Ryder Care.
- 3.11 Sue Ryder Care is a charitable organisation which provides palliative and end-of-life care. They are well established in the re3 area and also active nearby via their beds at the Nettlebed Hospice. In addition, Officers understand that there are plans for Sue Ryder Care to take over management of services provided at the Duchess of Kent House Hospice in Reading during 2011. They have 370 charity shops and have capacity and partnerships in place to ensure that items which are made available for re-use can be made suitable for resale. For further information on Sue Ryder Care please visit the website (suerydercare.org.uk).
- 3.12 Representatives of Sue Ryder Care were most active in responding to requests for information and they have demonstrated both an existing capacity to work with us at the HWRC's and a genuine appreciation of the requirements we have.
- 3.13 The Contractor is in the process of ensuring that Sue Ryder Care can satisfy our contractual needs for information and ascertaining some further information around governance. The PFI Project Team have been clear that the process should be about enabling this sort of activity to happen but it is also very important that such diligence work (as happens with other 'sub-contractors' to the Contract) is carried-out.
- 3.14 Once all final checks are carried-out satisfactorily, it is hoped that Sue Ryder Care will be able to begin benefitting from the resale of items delivered by re3 residents to Smallmead and Longshot Lane as soon as the New Year.
- 3.15 Once the arrangement has begun and is working well, it is intended to advertise it to re3 residents. This will benefit the process because residents are likely to seek out the chance to donate and protect the items, in transit.
- 3.16 It is the intention of the Contractor to agree a tenure for the arrangement with Sue Ryder Care. At the end of that period, and assuming that other organisations put themselves forward, the Contractor may select a different re-use/refurbishment partner.

Haulage Contract Re-let

- 3.17 Members will recall approving the early commencement of the haulage market testing process at the preceding Joint Waste Disposal Board (21st September 2010).
- 3.18 The Contractor has issued pre-qualification questionnaires and, following input from Officers, intends to issue 6 bidders with an invitation to tender.
- 3.19 Officers have liaised with the Contractor and have confirmed that the specification should seek to ascertain the most beneficial outcome in terms of price and performance. To do this, the specification will cover options for the age of the vehicles, whether they are liveried or not and the ISO (International Organisation for Standardization) standard required.
- 3.20 The Contractor will now proceed with the tendering process and Officers will inform Members of the result at the earliest opportunity.

Height Barriers and Access Controls

- 3.21 At the last Joint Waste Disposal Board, Members approved changes to the access controls at the re3 Household Waste Recycling Centres (HWRC's).
- 3.22 Officers wish to clarify the change in respect of trailers in order to ensure that there is no misunderstanding.
- 3.23 The report to the JWDB in September focussed on the changes to the prevailing 'booking-in' procedure for vehicles which would be unable to access the sites because of the height barriers.
- 3.24 The report also included the following text in reference to the use of trailers: "*There is also a proposal to simplify the access controls for trailers to enable all single axle trailers to access the site, subject to the waste carried being of household origin*". Officers wish to further clarify the access arrangement for trailers.
- 3.25 In common with many other sites, the intention at the re3 HWRC's is to limit the size of trailer that is permitted. This is intended to achieve the following: (i) limit the amount of waste that can be delivered so that it is suitable for the majority of household users and perhaps less convenient to traders who may wish to masquerade as householders and, (ii) ensure safe and prompt access and egress for trailers once inside the HWRC.
- 3.26 As Members will be aware, the initial means of gauging the size of a trailer was by length. The access controls agreed in 2009 set the limit at trailers no longer than 6 feet in length.
- 3.27 That system proved problematic because there appear to be many trailers which are just over 6 feet in length. In fact there appears to be no standard length of trailer – the upshot of which is that it is very easy, in trying to be pragmatic, to 'trade-up' to 7 and 8 feet in length on the basis that it is "only a bit over the limit".
- 3.28 With that in mind, and following consultation by the Contractor, it was decided to propose that the length of trailer is not used to determine access. The amended procedure seeks that single axle trailers be allowed access and that double-axle trailers be denied access. That was the intention of the previous report on this issue and the detail which this report now seeks to clarify.

Finance

- 3.29 The year to date outturn for 2010/11 is attached under Appendix 1.
- 3.30 The Project is currently projecting a £400,000 collective underspend against budget.
- 3.31 Contract tonnage remains significantly lower than forecast. If the current trend continues, contract waste will be over 10,000 tonnes lower than the tonnage assumed in budget setting in November 2009.
- 3.32 The saving associated with reduced tonnages is tempered by the cost of inflation. Inflation was budgeted at 2.5% based on indications at the time, but inflation in April 2010 had risen to 5.4%.
- 3.33 Bracknell and Wokingham have seen their proportion of contract waste drop in comparison with the budgeted allocation of tonnages; conversely Reading has seen

an increase. This is particularly true of landfill, which is why the outturn shows significant savings for Bracknell and Wokingham but no saving to Reading.

- 3.34 The Contract provides £100,000 per annum (indexed) of funding to be used for waste minimisation initiatives, including educational and promotional work, operation of the visitor centres, and waste minimisation activities.
- 3.35 Over the last 4 years any unused funds have been rolled over to the subsequent year, and the cumulative surplus is now in excess of £120,000. The PFI Project Team has proposed to the Contractor that £120,000 be refunded to the Councils at the end of the financial year. The Contractor is seeking Board approval for that repayment. This money will be allocated to the individual Councils in proportion to their historic contribution to the waste minimisation payment.
- 3.36 The draft budget for 2011/12 has been updated to incorporate recent tonnage information, the relevant HWRC allocations as determined by the recent user survey, and other minor refinements. This information has been shared with the accountants at each authority. A summary can be found under Appendix 2.
- 3.37 The outcome of this update is a reduction in budget for Bracknell and Wokingham of £261k and £269k respectively, with an increase of £116k for Reading, primarily for the reasons stated in 3.33 above, and movement in HWRC allocations.
- 3.38 A statement of the Management budget and year to date expenditure is included under Appendix 3.
- 3.39 The current expenditure on the Management budget is £177,500 below the annual budget.
- 3.40 Note that we are still to receive some invoices relating to legal and financial advice regarding the additional EfW capacity. Invoices relating to this issue have been, and will continue to be, allocated to Reading and Wokingham only.

Performance

- 3.41 Bracknell's year to date NI192 result is 40.8%. 78% of waste is being diverted from landfill.
- 3.42 Reading's year to date NI192 result is 34.8%. 68.5% of waste is being diverted from landfill.
- 3.43 Wokingham's year to date NI192 result is 41.6%. 77.7% of waste is being diverted from landfill.
- 3.44 As noted in the September 2010 report, we should continue to treat these results with some caution. Results are significantly influenced by seasonality; the first half of the year is invariably the best for recycling performance. The second half of the year invariably results in lower levels of performance, which negatively impacts upon the annual result.
- 3.45 However, when comparing the average partnership NI192 rate for the year to date with the same period last year, performance is up 1%.
- 3.46 The average partnership rate of diversion is up 32% on this time last year. This significant increase is due to the full opening of the Lakeside EfW plant.

- 3.47 HWRC diversion rates, which are a contractual rather than statutory indicator, are good; at Smallmead 75% of waste has been diverted from landfill in the year to date. This is 9% up on the same period last year.
- 3.48 At Longshot Lane 66% of waste has been diverted from landfill in the year to date. This is 4% up on the same period last year.

Risk Register

- 3.49 The Risk Register is included within the agenda for this meeting of the Joint Waste Disposal Board.
- 3.50 Following a request by Members, and where it is possible to do so, the Risk Register now contains an assessment of the financial cost of each risk.

Use of re3 Facilities by West Berkshire Residents

- 3.51 No further progress has been made since the last Joint Waste Disposal Board meeting.
- 3.52 Officers held two meetings with colleagues from West Berkshire in July, at which the proposed re3 methodology for calculating the West Berkshire repayment (relating to the use by West Berkshire residents of re3 facilities) was described in detail and apparently agreed. As a result, re3 Officers were of the strong opinion, that the methodology had been agreed. Officers from West Berkshire Council have now indicated that they do not accept the methodology put forward by re3.
- 3.53 Officers from West Berkshire Council have been in contact with re3 Officers over the period since the last JWDB meeting. They have made two informal proposals for the methodology.
- 3.54 Both proposals would see a repayment from West Berkshire lower than that which would arise from the proposed re3 methodology.

DEFRA Waste Review and Consultation

- 3.55 The Secretary of State for the Department for Environment, Food and Rural Affairs the Rt Hon Caroline Spelman MP announced, earlier in the year, that the Government will be undertaking a full review of waste policy in England.
- 3.56 An accompanying call for evidence was issued and, at the last JWDB, Members endorsed, as the basis for a collective response from the re3 partnership, a previously circulated briefing note.
- 3.57 Following the meeting, and in advance of the deadline, an re3 response was sent to DEFRA and acknowledged.
- 3.58 Officers understand that the results of the Review will be known in the Spring.

Lakeside Energy from Waste Facility

- 3.59 Negotiations between the contractor and the councils on specific details relating to the legal drafting of the agreement were, at time of writing, on the verge of being concluded.

- 3.60 The Project Director has received notification that all the requirements DEFRA placed upon the councils in relation to the purchase of the additional capacity have been addressed.
- 3.61 Negotiations between the re3 councils over the provision of an indemnity to Bracknell Forest Borough Council, who will be signatories to but not beneficiaries of the purchase, against risk associated with the additional capacity have been concluded.
- 3.62 As soon as all documentation has been agreed the deed of variation will be completed.

BACKGROUND PAPERS

None

CONTACTS FOR FURTHER INFORMATION

Mark Moon, Project Director
0118 974 6308
Mark.moon@wokingham.gov.uk

Oliver Burt, Project Manager
0118 939 9990
oliver.burt@reading.gov.uk

Appendix 1

re3 PFI Budget Monitoring

2010/11 Waste PFI Outturn

		BFBC £	RBC £	WBC £	TOTAL £
Apr-10	Actual	497,336	685,025	772,635	1,954,996
May-10	Actual	481,157	602,854	713,664	1,797,675
Jun-10	Actual	485,946	684,446	739,851	1,910,243
Jul-10	Actual	484,102	635,306	709,172	1,828,580
Aug-10	Actual	441,736	621,984	728,334	1,792,054
Sep-10	Actual	461,383	742,234	733,559	1,937,176
Oct-10	Forecast	494,101	639,932	734,573	1,868,607
Nov-10	Forecast	467,340	635,699	689,813	1,792,852
Dec-10	Forecast	436,686	592,357	643,251	1,672,293
Jan-11	Forecast	486,706	633,645	730,330	1,850,681
Feb-11	Forecast	424,686	586,309	629,562	1,640,557
Mar-11	Forecast	483,569	660,951	710,976	1,855,497
TOTAL		5,644,749	7,720,742	8,535,720	21,901,211
Business Rates		106,441	138,055	144,829	389,325
Additional EfW		0	27,918	27,918	55,836
2010/11 Outturn		5,751,190	7,886,715	8,708,467	22,346,372
2010/11 Budget		6,011,277	7,874,406	8,949,805	22,835,488
Revised 2010/11 Budget		5,832,480	7,874,406	8,949,805	22,656,691
Variances Declared		94,000	0	0	94,000

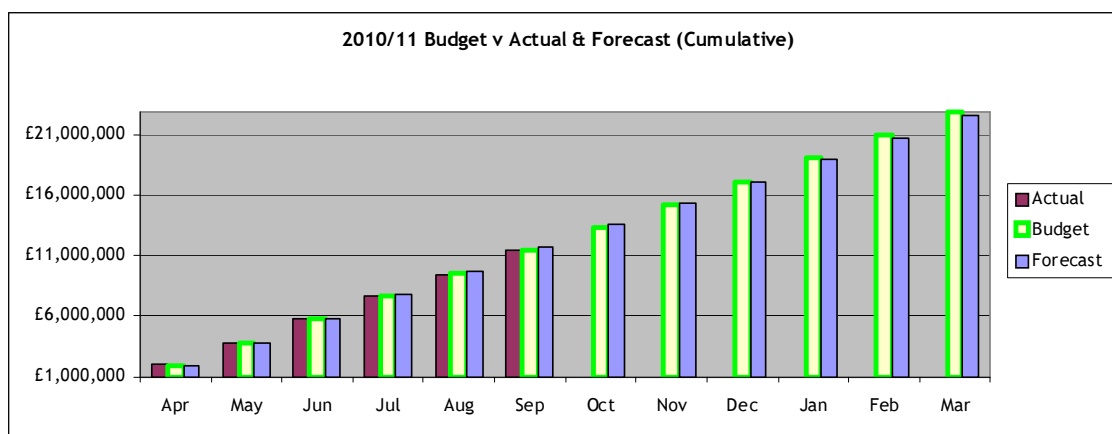
Projected Underspend -175,290 12,309 -241,338 -404,319

-1.8%

Notes

1. Based on actual invoices and forecasts
2. Trade waste currently included in RBC costs & budget until account is set up
3. Additional tonnes EfW split 50:50 between RBC & WBC. Assumed start Dec 10 (3300 tonnes).
4. BFBC budget reduced to exclude non-contract waste (Housing no longer Council-run) and a proportion of the previously estimated business rates increase.
5. The underspend takes account of the £94,000 variance that BFBC have reported.

re3 Management Budget/Costs not included



Appendix 2

Updated Nov 10

2011/12 Revised Budget

	BFBC	RBC	WBC	TOTAL
Baseline Payment	£ 2,230,803	£ 2,893,367	£ 3,022,500	£ 8,146,671
Recycling Payment	£ 351,909	£ 413,076	£ 419,248	£ 1,184,233
Efw Payment	£ 1,325,493	£ 2,251,916	£ 2,336,274	£ 5,913,683
Composting Payment	£ 366,621	£ 307,240	£ 572,856	£ 1,246,717
Landfill Tax	£ 783,643	£ 1,011,275	£ 725,195	£ 2,520,112
Landfill Gate Fee	£ 353,485	£ 456,165	£ 327,120	£ 1,136,769
Landfill Haulage	£ 155,188	£ 200,267	£ 143,614	£ 499,069
Beneficial Use Payment	£ 33,089	£ 49,207	£ 64,283	£ 146,579
Civic Amenity Site Payment	£ 369,305	£ 331,891	£ 531,608	£ 1,232,804
Waste Minimisation Payment	£ 51,749	£ 67,119	£ 70,114	£ 188,982
Hazardous Waste Pastthrough Rates	£ 69,736	£ 135,991	£ 194,023	£ 399,750
Additional works	£ 104,507	£ 135,545	£ 142,197	£ 382,249
RBC Trade Waste Collections	£ 8,940	£ 12,322	£ 2,899	£ 24,161
Rental income	£ -	£ 226,492	£ -	£ 226,492
Rental Payment	-£ 392,618	-£ 241,611	£ -	-£ 634,228
Rental Payment	£ 173,398	£ 224,897	£ 235,933	£ 634,228
Royalty Payment	-£ 19,615	-£ 25,440	-£ 26,689	-£ 71,744
Contamination Payment	£ 24,073	£ 28,257	£ 28,679	£ 81,009
	<u>£ 5,989,705</u>	<u>£ 8,477,976</u>	<u>£ 8,789,855</u>	<u>£ 23,257,536</u>
PFI Grant	-£ 815,173	-£ 1,057,280	-£ 1,109,160	-£ 2,981,613
Total Budget 2011/12	£ 5,174,532	£ 7,420,696	£ 7,680,695	£ 20,275,923
Draft Budget (August 2010)	£ 5,436,047	£ 7,304,355	£ 7,949,929	£ 20,690,332
Variance from Draft Budget	-£ 261,515	£ 116,340	-£ 269,235	-£ 414,409

Appendix 3

JWDB - re3 Waste PFI Management Costs 2010/11				Period to 30 November 2010
Employees	Budget	Cost	Variance	Comments
	£	£	£	
Salaries, NI & Super	166,800	88,006	-78,794	
Training (£3,000)	3,000	0	-3,000	
Employees sub total	169,800	88,006	-81,794	
Other Costs	Budget	Cost	Variance	Comments
Transport				
Travel Expenses	1,000	236	-764	
Supplies & Services				
Equipment	3,500	0	-3,500	
Stationery	500	0	-500	
Consultancy Fees	60,000	-17,072	-77,072	Includes accrual of £75k from 2009/10.
Purchase of Computer Equipment	6,700	95	-6,605	
Mobile Phones	400	28	-372	
Support Services/Recharges	20,900	13,933	-6,967	
Other Costs sub total	£93,000	-£2,780	-£95,780	
2009/10 Total	£262,800	£ 85,226	-£177,574	

Note: Eversheds invoices for legal advice regarding additional EfW are split equally between Reading & Wokingham.

Council Recharge (to date)	£
Reading	£31,741
Bracknell	£21,745
Wokingham	£31,741
Total	£85,226