

**TO: JOINT WASTE DISPOSAL BOARD
12 July 2012**

**PROJECT UPDATE
(Report by the Project Director)**

1. INTRODUCTION

1.1 The purpose of this report is to inform the Joint Waste Disposal Board (JWDB) of progress since its last meeting on 22 March 2012.

2. RECOMMENDATIONS

2.1 To note progress made since the last meeting on 22 March 2012.

2.2 That Members instruct officers to draft a response to the recent guidance on street sweepings and gully emptyings issued by the Environment Agency (EA).

2.3 That Members decide whether to respond directly to the EA or via the Local Government Association (LGA) or similar representative body.

3. SUPPORTING INFORMATION

EA Guidance on Street Sweepings and Gully Emptyings

3.1 The Environment Agency has issues guidance on the management of street sweepings and gully emptyings.

3.2 The re3 councils have previously composted some, or all, of this material.

3.3 The guidance makes it clear that waste material collected in the course of sweeping streets and emptying gullies is not considered appropriate for treatment via composting. The reason given is that it could contain, and may be expected to contain, constituents which have a hazardous nature.

3.4 Having consulted with our PFI Contractor, officers have ascertained that the composted product, containing street sweepings alongside green waste, has no issues in terms of chemical content.

3.5 There are two principal implications of the guidance – firstly on the impact on performance and, secondly, an additional cost. For the re3 councils, the following impacts are estimated:

	Additional Cost	Impact on Recycling Rate
BFBC	£28,000	-1.28%
RBC	£34,000	-1.30%
WBC	£103,000	-3.50%

3.6 Officers are aware that the guidance will impact on many other councils too. Various waste management and local authority bodies are already making their objections known and may seek further clarifications or a revision of the guidance.

- 3.7 Members may wish to contribute to the response to the EA Guidance either directly or via a body such as the Local Government Association. If that is the wish of Members then Officers will be glad to draft a response.

Contractor Rebrand

- 3.8 Our PFI Contractor has undergone a name-change as part of a rebranding exercise. Waste Recycling Group (WRG) Ltd, have become FCC Environment (UK) Ltd.
- 3.9 Throughout the life of the re3 contract, our PFI Contractor has been owned by a Spanish parent company called Fomento de Constuccion y Contratas (FCC). The rebranding of WRG and Focsa services (UK) is part of an integration plan for the businesses.
- 3.10 The Contractor has now written to the re3 Project Director in order to explain the changes being made and with the intention of assuring the councils that the name changes will not have any implications to the re3 Contract. The letter assures the councils that 'there has been no change of any kind in any of the legal entities or structure within the Group'.
- 3.11 Copy Certificates of Incorporation on Change of Name have also be provided.
- 3.12 The Project Director has asked the in-house legal team for the re3 partnership to consider the assurances given and any further implications. Officers are also going to undertake some additional company checks.
- 3.13 Should any concerns remain; the Project Director will raise them with the Contractor at an appropriate level and seek

Mini-MRF and Retail Outlet

- 3.14 Members will recall that officers have previously reported on this issue. In September 2011, officers reported feedback from the Contractor on our request for the consideration of what the two facilities would have cost had the Contractor provided them in accordance with their contractual undertakings. At the time, the information provided by the Contractor was insufficient and officers asked for further detail and consideration.
- 3.15 The Contractor has now provided a more coherent briefing in which they detail the steps they have taken, and the costs incurred, in providing replacements for the Mini-MRF and Retail Outlet.
- 3.16 In summary, the Contractor appears to consider that it has directly and indirectly delivered upon all undertakings and that no monies are due to the re3 councils.
- 3.17 Officers are seeking clarification on a number of issues which arise from the Contractor's briefing and will report back in the event that there is any change in outcome.

Oxfordshire County Council Minerals and Waste Core Strategy

- 3.18 Officers met with colleagues from Oxfordshire County Council (OCC) on May 16th to discuss re3 inputs to landfill in Oxfordshire.
- 3.19 The re3 Project Team had provided a response for the re3 councils on the consultation OCC were conducting during the development of their strategy which

they hope to submit in August 2012. Upon receipt of the re3 response, OCC wished to undertake further discussions.

- 3.20 Officers were able to assure OCC that the re3 councils seek to follow the waste hierarchy wherever possible. While the re3 contract will continue to result in some waste being sent to sites or facilities in Oxfordshire, the re3 councils are keen to reduce the use of landfill wherever possible.
- 3.21 Since the start of the re3 contract, the amount of waste sent to landfill has decreased from 145,000t in 2007/08 to an estimated 35,000t in 2012/13.

Potential Support for the Royal Borough of Windsor and Maidenhead

- 3.22 Colleagues from The Royal Borough of Windsor and Maidenhead (RBWM) have approached officers of the re3 councils to enquire about potential support during the period of the Olympics (27th July to 12th August) and Paralympics (29th August to 9th September).
- 3.23 The proximity of the rowing competition to a key RBWM waste management facility has led to concerns that in the event of an emergency, it may not be possible to successfully complete scheduled waste collections.
- 3.24 As a result, and in consultation with our PFI Contractor, re3 Officers have agreed a package of support which has been offered to RBWM and which could be mobilised in the event of an emergency during the dates at 3.18 above.
- 3.25 The support offered has been agreed with our PFI Contractor and is set at a level which will not adversely affect re3 operations. The support offered relates to council refuse freighters alone and not residents wishing to utilise either of the re3 HWRC's.

Finance

- 3.26 The full year outturn for 2011/12 is attached under Appendix 1.
- 3.27 The £18,000 projected collective overspend that was reported to the Board in March 2012 has reduced to a £50,400 underspend.
- 3.28 The first reason for the improved outturn figure is that, following reconciliation by the contractor, the Waste Minimisation saving increased by £40k to £172k. This consists of £111k of promotional savings and £68k of salary savings.
- 3.29 The second reason for the improved outturn is a further haulage saving of £24,500 in March, which was not included in the previously.
- 3.30 Furthermore, waste arisings for March 2012 were around 150 tonnes below forecast.
- 3.31 A statement of expenditure on the 2011/12 re3 Management budget is included under Appendix 2.
- 3.32 As predicted in the March 2012 meeting, this budget has been fully expended.
- 3.33 Figures for Quarter 1 2012/13 are due next month; therefore an update to the Board regarding this year's financial position will be made as part of the Annual Financial Statement which is presented at the September Board meeting.

- 3.34 In a similar vein, there has been very little expenditure for the year to date on re3 Management costs. A statement will be included in the Annual Financial Statement at the September Board meeting.

BACKGROUND PAPERS

Board Reports 22 March 2012
JWDB Progress Report 20 September 2011

CONTACTS FOR FURTHER INFORMATION

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Appendix 1

re3 PFI Budget Monitoring

2011/12 Waste PFI Outturn

		BFBC £	RBC £	WBC £	TOTAL £
Apr-11	Actual (Adjusted)	511,750	673,664	769,134	1,954,548
May-11	Actual	483,510	762,724	787,882	2,034,116
Jun-11	Actual	522,176	697,694	731,556	1,951,426
Jul-11	Actual	500,800	720,775	753,378	1,974,953
Aug-11	Actual	500,270	738,648	770,362	2,009,280
Sep-11	Actual	509,820	783,266	794,023	2,087,109
Oct-11	Actual	477,140	661,771	705,768	1,844,679
Nov-11	Actual	489,590	680,833	729,467	1,899,890
Dec-11	Actual	408,485	651,134	642,061	1,701,680
Jan-12	Actual	494,019	676,883	751,596	1,922,499
Feb-12	Actual	420,733	603,677	614,896	1,639,306
Mar-12	Actual	488,814	678,786	728,312	1,895,913
TOTAL		5,807,108	8,329,855	8,778,436	22,915,398
Business Rates		104,007	134,898	141,517	380,422
Planners Farm Lease (note 5)		11,368	9,802	16,330	37,500
Waste Min Savings from 10/11 (note 6)		-13,702	-17,632	-19,376	-50,709
Waste Min Saving 2011/12 (note 7)		-46,484	-59,817	-65,735	-172,037
2011/12 Projected Outturn		5,862,297	8,397,106	8,851,171	23,110,574
2011/12 Original Budget		5,989,706	8,482,900	8,789,855	23,262,460
Revised 2011/12 Budget		5,951,220	8,419,900	8,789,855	23,160,975
Projected Over/Underspend		-88,923	-22,794	61,317	-50,401

Variance from revised budget (%)

-1.5%

-0.3%

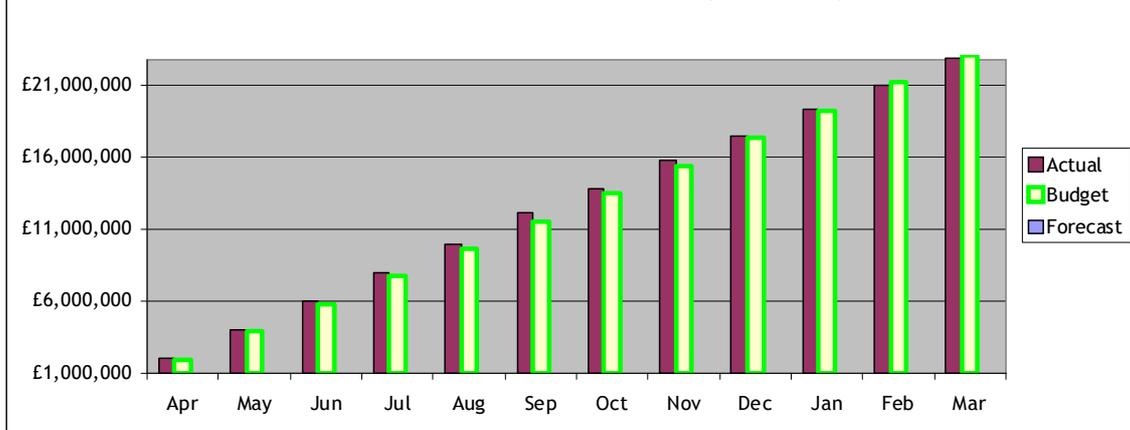
0.7%

-0.2%

Notes

1. Based on actual figures for full year
2. Trade waste disposal included in RBC costs & budget.
3. BFBC Budget removed £38k due to forecast diversion of street sweepings from landfill to composting.
4. RBC Budget removed £63k in Mar 11 due to unspecified budget reduction.
5. Outstanding Planners Farm lease liability split according to contribution to Composting Payment 2007/8 to 2010/11 total.
7. 2011/12 Waste Min budget reduced from £182,400 to £50,000 per July 11 JWDB; actual savings for 11/12 were £172k.
8. This does not include re3 Management costs

2011/12 Budget v Actual & Forecast (Cumulative)



Appendix 2

JWDB - re3 Waste PFI Management Costs 2011/12				Period to 31 March 2012
Employees	Budget	YTD Cost	YTD Variance	Comments
	£	£	£	
Salaries, NI & Super	170,800	170,492	-308	
Training (£3,000)	3,000	60	-2,940	
Employees sub total	173,800	170,552	-3,248	
Other Costs	Budget	Cost	Variance	Comments
Transport				
Travel Expenses	900	759	-141	
Supplies & Services				
Equipment	500	0	-500	
Stationery	500	316	-184	
Consultancy Fees	20,000	23,808	3,808	
Purchase of Computer Equipment	1,800	2,263	463	
Mobile Phones	400	202	-198	
Other Costs sub total	24,100	27,348	3,248	
2011/12 Total	197,900	197,900	0	
Council Share		£		
Reading		65,967		
Bracknell		65,967		
Wokingham		65,967		
Total		197,900		