

TO: JOINT WASTE DISPOSAL BOARD
13 March 2014

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 (JWDB) of progress in terms of management of the joint Waste PFI contract since its last meeting on 12th February 2014.

2. RECOMMENDATIONS

- 2.1 That Members note the contents of this report.**

3. SUPPORTING INFORMATION

Flooding

- 3.1 The Thames Valley has been affected by flooding throughout most of February. Of particular relevance to the Joint Waste Disposal Board is the impact on Island Road.
- 3.2 Island Road flooded on Thursday 6th February and was closed by Reading Borough Council Highways and Drainage team. The road closure was in place for 18 days.
- 3.3 The initial flooding covered the entire middle section of Island Road. Over the course of the period of the road closure, the flooding slowly receded to the point on Monday 24th February that the road could be reopened.
- 3.4 The depth and coverage of the flooding presented a risk to residents wishing to access the HWRC. A further and enduring risk was that a drainage inspection cover had broken loose. While the flooding remained, it was impossible to fully assess the extent of the damage, repair the inspection cover or clear debris which had accumulated in the road. As a result of these risks to safety, the road remained closed.
- 3.5 Communication of the road closure, via websites and local media, was handled by each of the re3 councils as appropriate. There were also direct queries by email and phone. Welcome additional support was given by the councils' PFI Contractor in the form of staff 'manning' the entrance to Island Road to inform prospective visitors about the road closure.
- 3.6 In the main, residents, whilst no-doubt finding the closure to be inconvenient, seemed to appreciate the clear and apparent risks and accepted the reasons for the road closure. Some residents were happy to keep their waste items until after the closure had been lifted. Others were redirected to Longshot Lane in Bracknell.
- 3.7 Another potential service impact was on the council collection of waste. Whilst there were few areas in which the three council waste collection services could not operate because of flooding, the closure of Island Road might have meant that collected waste could not be processed or that it had to be hauled elsewhere for processing (at additional cost).

- 3.8 Contingency arrangements were promptly put in place by the re3 Project Team and the PFI Contractor which meant that waste collection across the re3 area was able to continue.
- 3.9 The contingency arrangements, and the helpful cooperation of the waste collection services, meant that, from the perspective of residents, there was no disruption to the waste collection service as a result of the flooding in Island Road.
- 3.10 Clear-up operations, both by agencies and individual residents, are underway and they are likely to result in additional waste disposal costs for the councils.
- 3.11 Most sandbags were deployed in either Reading or Wokingham Boroughs. In relation to the specific cost of disposing of sandbags (those which are deemed necessary for disposal), the re3 Project Team has identified the likely unit cost and will be able to identify the per-council total.

Other Items

- 3.12 Members will recall from the report presented at the last Joint Waste Disposal Board, that Scottish and Southern Electricity (SSE) cabling works were due to cause some disruption to services at the re3 facility at Longshot Lane in Bracknell.
- 3.13 The works, to connect the Bracknell Primary Substation with Wokingham, precipitated the temporary closure of Longshot Lane Household Waste Recycling Centre (HWRC) and partial closure of the Transfer Station.
- 3.14 SSE was able to complete the section of cabling works immediately adjacent to the entrance to Longshot Lane within the time allotted (January 29th to February 1st inclusive) and the facility was able to reopen as planned.
- 3.15 Further, remaining sections of the cabling works have been completed since then. This work has involved traffic-light controls on vehicular access along Longshot Lane, and a period of diversion via Downmill Road.
- 3.16 Thames Water have been running a "Bin it, don't block it campaign" to encourage residents to dispose of cooking oil via their bins rather than by pouring oil down the drain.
- 3.17 The two re3 HWRC's already offer facilities for residents to recycle their used cooking oil. During 2013, residents from across the re3 area delivered over 7000 litres of used cooking oil to the two HWRC's.
- 3.18 The oil is processed by a company called Living Fuels. Living Fuels use it to produce a bioliquid which, they have informed us, has generated 26,813 kWh of green electricity.
- 3.19 In support of the Thames Water campaign, the re3 website carries information about re3 services and some literature on "Bin it, don't block it".
- 3.20 As part of ongoing efforts to maintain the facilities, the Contractor is engaged in a programme of repairs to the concrete floors at both Longshot Lane and Smallmead facilities.
- 3.21 The works do necessitate the re-ordering of some elements of facilities for a temporary period. The Contractor is well versed at this element of site management and neither residents nor council users should be unduly inconvenienced.

- 3.22 The works are underway and are due to be completed by the end of March 2014.

Green Machine

- 3.23 The re3 councils have now reached the end of the second year of the paint reuse scheme which has been run via support for Green Machine Community Interest Company.
- 3.24 Following approval by the Joint Waste Disposal Board in September 2011, Green Machine commenced the collection and processing of discarded paint early in 2012.
- 3.25 In March 2013, at the end of the first year of operation, Green Machine gave a presentation to the Joint Waste Disposal Board and undertook to return at the end of the second year. Accordingly, Green Machine has been invited to make a presentation to the Board.
- 3.26 Green Machine undertook to collect 40% of available paint in each year of the two year agreement. Over the course of the two years, Green Machine actually collected 8% (year 1) and 18% (year 2) of the available paint.
- 3.27 Accordingly, Officers recommend that the current arrangement between the re3 councils and Green Machine should not be renewed.

Finance

- 3.28 The year to date projected outturn for 2013/14 is attached under Appendix 1.
- 3.29 Figures for Quarter 3 are currently provisional, as at the time of producing this report, the Reconciliation had not been fully validated.
- 3.30 The total projected overspend has increased to £922k. This is a significant increase on the previous projected overspend of £277k. The reasons for the change in position are outlined below.
- 3.31 The validation of the Quarter 2 Reconciliation was completed subsequent to the December 2013 Board. The Council's validation revealed an error in the Contractor's calculation, which meant that Longshot Lane HWRC tonnages had been understated by 900 tonnes in the quarter. This equates to an additional £100k of disposal costs, which were unknown at the last Board, and therefore were not included in the previous projection.
- 3.32 The projected overspend increased by a further £200k in Quarter 3 (based on provisional figures). This was due to significantly higher than forecast residual waste collected by Wokingham over the quarter; an additional 850 tonnes of street sweepings and 500 tonnes of kerbside residual waste.
- 3.33 In addition to the provisional Quarter 3 figures, the forecast also includes an estimate for January 2014. This estimate has been included because contract waste tonnage was exceptionally high in January, and therefore markedly affects the anticipated costs.
- 3.34 Contract waste for January was 3,750 tonnes above forecast. The total for the month was 18,700 tonnes, which is the highest monthly volume that has been experienced since June 2008.
- 3.35 Of the additional 3,750 tonnes, 85% was residual waste, 7% recycling, 5% green and 3% inert (rubble/soil).

- 3.36 Bracknell delivered an additional 450 tonnes to the forecast (330 tonnes residual, 60 tonnes recycling and 60 tonnes green).
- 3.37 Reading delivered an additional 390 tonnes to the forecast (250 tonnes residual and 140 tonnes recycling).
- 3.38 Wokingham delivered an additional 860 tonnes to the forecast (650 tonnes residual, 120 tonnes recycling and 90 tonnes green).
- 3.39 Smallmead HWRC received an additional 1,100 tonnes, of which 940 tonnes was additional residual tonnage.
- 3.40 Longshot Lane HWRC received an additional 960 tonnes, of which 500 tonnes was residual and 300 tonnes was recycling tonnage
- 3.41 The cost of this additional and unexpected tonnage is c£350k. This is incorporated in the projected overspend of £922k.
- 3.42 Members will be aware of the steps that are being taken to address this.
- 3.43 A statement of the year to date, and projected annual, expenditure on re3 Management costs is included under Appendix 2.

BACKGROUND PAPERS

JWDB Reports for December 2013.

CONTACTS FOR FURTHER INFORMATION

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APPENDIX 1 – 2013/14 Forecast Outturn

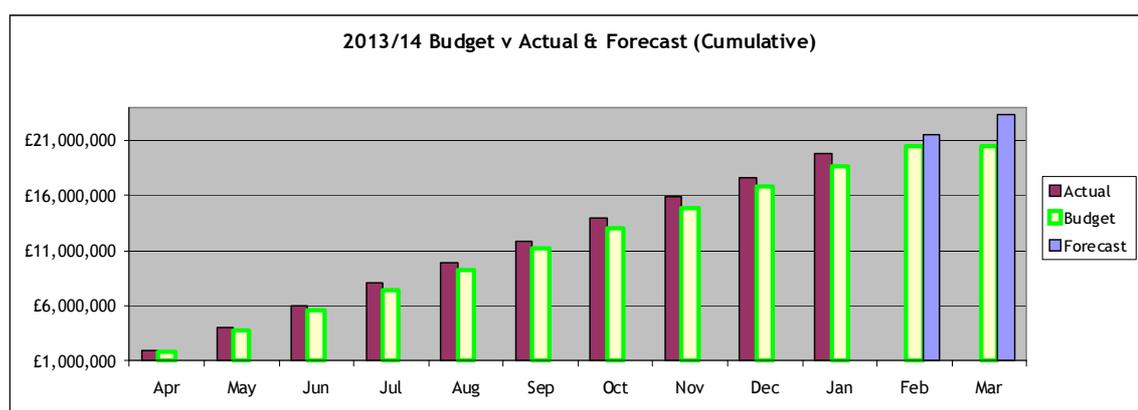
re3 PFI Budget Monitoring

2013/14 Waste PFI Forecast

		BFBC £	RBC £	WBC £	TOTAL £
Apr-13	Actuals	488,138	693,428	790,961	1,972,526
May-13	Actuals	522,337	726,385	829,317	2,078,039
Jun-13	Actuals	486,604	703,046	792,806	1,982,456
Jul-13	Actuals	507,283	738,382	866,991	2,112,657
Aug-13	Actuals	502,003	673,807	748,815	1,924,625
Sep-13	Actuals	473,017	702,445	810,403	1,985,866
Oct-13	Provisionals	494,869	720,338	772,781	1,987,988
Nov-13	Provisionals	490,632	665,242	862,885	2,018,758
Dec-13	Provisionals	458,178	595,521	669,786	1,723,485
Jan-14	Provisionals	555,551	747,560	934,279	2,237,390
Feb-14	Forecast	420,760	605,726	650,660	1,677,145
Mar-14	Forecast	466,310	658,084	722,283	1,846,677
TOTAL		5,865,682	8,229,963	9,451,968	23,547,613
Business Rates (actual)		96,310	124,914	131,044	352,268
Recovery Gainshare (forecast)		35,693	53,334	47,507	136,534
Recyclate Income (forecast)		-187,763	-246,229	-266,008	-700,000
2013/14 Projected Outturn		5,809,922	8,161,982	9,364,511	23,336,415
2013/14 Original Budget		5,727,477	8,311,868	8,496,855	22,536,200
Revised 2013/14 Budget		5,838,660	7,931,068	8,644,337	22,414,065
Projected Over/Underspend		-28,738	230,914	720,174	922,350
Variance from revised budget (%)		-0.5%	2.9%	8.3%	4.1%

Notes

1. Based on Qtr1&2 actuals, Oct13 - Jan14 provisional tonnages and Feb/Mar14 per forecast.
2. RBC original budget reduced by £380,800. £263,800 trade waste costs removed due to independent account being set up, and dealt with under waste collection budget. £117k removed due to anticipated savings from the endorsement of the One Bin Policy.
3. BFBC budget increased by £111,183. Due to differing assumptions on inflation and HWRC tonnage allocations.
4. WBC budget increased by £147,482. Budget confirmed by Wokingham Sept 13.
5. The Projected Over/Underspend is against the revised budgets.



APPENDIX 2 – 2013/14 re3 Management Costs

JWDB - re3 Waste PFI Management Costs 2013/14						Updated February 2014
Employees	Budget	YTD Cost	YTD Variance	Projected Annual Cost	Projected Annual Variance	Comments
	£	£	£	£	£	
Salaries, NI & Super	184,300	153,583	-30,717	180,000	-4,300	
Training	3,000	3,103	103	3,103	103	
Employees sub total	187,300	156,686	-30,614	183,103	-4,197	
Other Costs	Budget	Cost	Variance	Projected Annual Cost	Projected Annual Variance	Comments
Transport:						
Travel Expenses	800	1,106	306	1,000	200	
Supplies & Services:						
Equipment	500	0	-500	0	-500	
Stationery	500	519	19	550	50	
Consultancy Fees	20,000	20,000	0	20,000	0	
Purchase of Computer Equipment	1,800	1,100	-700	1,600	-200	
Mobile Phones	400	178	-222	300	-100	
Other Costs sub total	24,000	22,903	-1,097	£23,450	-£550	
2013/14 Total	211,300	179,589	-31,711	£206,553	-£4,747	
YTD Council Share		£		Projected Annual Share		£
Reading		59,863		Reading	68,851	
Bracknell		59,863		Bracknell	68,851	
Wokingham		59,863		Wokingham	68,851	
Total		179,589		Total	206,553	