

JOINT WASTE DISPOSAL BOARD

NOTICE OF MEETING

TUESDAY 20 SEPTEMBER 2011

TO: ALL MEMBERS OF THE JOINT WASTE DISPOSAL BOARD

You are invited to attend a meeting of the Joint Waste Disposal Board on **Tuesday 20 September 2011 at 6.30 pm** in the Council Chamber, Fourth Floor, Easthampstead House, Bracknell. An agenda for the meeting is set out overleaf.

Mark Moon
Project Director

Members of the Joint Waste Disposal Board

Councillor Mrs Dorothy Hayes MBE, Bracknell Forest Council
Councillor Iain McCracken, Bracknell Forest Council
Councillor Paul Gittings, Reading Borough Council
Councillor Rachel Eden, Reading Borough Council
Councillor Gary Cowan, Wokingham Borough Council
Councillor Rob Stanton, Wokingham Borough Council

EMERGENCY EVACUATION INSTRUCTIONS

If you hear the alarm:

- 1 Leave the building immediately**
- 2 Follow the green signs**
- 3 Use the stairs not the lifts**
- 4 Do not re-enter the building until told to do so**



JOINT WASTE DISPOSAL BOARD
Tuesday 20 September 2011 (6.30 pm)
Council Chamber, Fourth Floor, Easthampstead House, Bracknell.

AGENDA

Page No

1. **APOLOGIES FOR ABSENCE**
2. **ELECTION OF CHAIRMAN**
3. **APPOINTMENT OF VICE-CHAIRMAN**
4. **DECLARATIONS OF INTEREST**
Members are required to declare any personal or prejudicial interests and the nature of that interest, in respect of any matter to be considered at this meeting.
5. **MINUTES OF THE MEETING OF THE JOINT WASTE DISPOSAL BOARD - 7 JULY 2011** 1 - 6
To approve as a correct record the minutes of the Joint Waste Disposal Board held on 7 July 2011.
6. **URGENT ITEMS OF BUSINESS**
To notify the Board of any items authorised by the Chairman on the grounds of urgency.
7. **PROJECT UPDATE** 7 - 12
To inform the Joint Waste Disposal Board (JWDB) of progress since its last meeting on 7th July 2011.
8. **ANNUAL FINANCIAL STATEMENT** 13 - 18
To summarise the financial position of the joint waste PFI for the 2011 Annual General Meeting of the Joint Waste Disposal Board. It seeks to conclude the management of finances in the 2010/11 year; details the emerging position in the current year and presents the first draft of the budget for the 2012/13 year.
9. **BENEFITS REALISATION** 19 - 22
To describe the work of officers in developing a framework for the measurement and monitoring of the outcomes from the re3 waste PFI contract.

10. **MEETING DATES**

The Board is invited to approve the dates and times of future meetings, with the following dates suggested:

Thursday 15 December 2011 – Reading
Thursday 22 March 2012 – Wokingham
Thursday 12 July 2012 – Bracknell
Thursday 20 September 2012 – Reading
Thursday 6 December 2012 – Wokingham
Thursday 21 March 2013 – Bracknell
Thursday 18 July 2013 - Reading

This page is intentionally left blank

JOINT WASTE DISPOSAL BOARD
7 JULY 2011
(6.30 - 8.50 pm)

Present: Bracknell Forest Borough Council
Councillor Iain McCracken
Councillor Mrs Dorothy Hayes MBE

Reading Borough Council
Councillor Paul Gittings

Wokingham District Council
Councillor Gary Cowan
Councillor Rob Stanton

Officers Pete Baveystock, Wokingham Borough Council
Pete Thompson, Reading Borough Council
Oliver Burt, re3 Project Manager
Janet Dowlman, Bracknell Forest Council
Dave Fisher, Reading Borough Council
Kevin Holyer, Reading Borough Council
Steve Loudoun, Bracknell Forest Council
Mark Moon, re3 Project Director
Claire Armstrong, Reading Borough Council
Kevin Parker, Reading Borough Council

Apologies for absence were received from:
Councillor Eden

34. Declarations of Interest

There were no declarations of interest.

35. Appointment of Vice-Chairman

RESOLVED that Councillor Gittings be elected Vice-Chairman of the Board.

36. Minutes of the Meeting of the Joint Waste Disposal Board

RESOLVED that the minutes of the meeting of the Joint Waste Disposal Board held on 16 March 2011, be approved as a correct record and signed by the Chairman.

37. Urgent Items of Business

There were no urgent items of business.

38. Progress Report

The Board considered a report informing of progress since the last meeting on 16 March 2011. The report covered:

- **Operations and Facilities** – A proposal by the contractor was being developed on amendments to the MRF to increase performance. This would lead to more

recycling which in turn create an increase in income for the Contractor and potentially the councils.

- **Retail Outlet Replacement** – Since the arrangement began in March 2011 items retrieved from the re3 HWRC's have raised £6,000 for Sue Ryder Care.

It was noted that a press release with correct information would be sent out on this matter

- **Community repaint** – A proposal had been received from Green Machine on managing unwanted paint through the HWRC's. The proposal was to divert for community re-use across the re3 area 40% of paint currently received for a payment of 30% of the total annual cost. The savings for the councils would be the equivalent to 10% of the total cost. Since this proposal the Contractor has also submitted a scheme to process all the paint at one of their own facilities.

WRG were encouraged to propose their business case at the earliest opportunity. If no proposal was made before the next JWDB meeting then the existing Green Machine proposal would be given preference.

(Action: Oliver Burt)

- **Haulage Contract Re-let** – The re3 project Team had been working with the contractor to follow the process for the Haulage Market Testing to seek to minimise any increase in costs. Progress was being made and the new haulage arrangements were due to commence in December 2011.
- **Savings Proposals** – Discussions had taken place with the Contractor in relation to savings and income generation and as a result of this two options had been considered.

The Board considered the first proposal for savings regarding two members of staff who delivered the education and waste minimisations functions of the contract. As a result of staff turnover these roles were currently vacant which enabled the re3 councils an opportunity to consider the value of this service within the re3 partnership. The Board agreed that the savings could be made by utilising the approach to the service and facilitating provisions within councils departments. A budget of £50,000 would be retained for education and waste minimisation activities across the re3 area and the remainder would be taken as a saving via the appropriate contractual mechanism.

The next proposal for savings would be to change the opening hours of the two HWRC's to facilitate potential savings. It was suggested that by reducing the hours open to the public these could be utilised so that local traders and SME's could pay a fee to use the facilities. This would enable a generation of income and address the requirements included in the recent Government Review of Waste Policy in England 2011. The Board decided that further details should be brought to the next meeting with a proposal outlined on this basis.

(Action: Oliver Burt)

- **Finance** – The Contractor had revised the calculation regarding the modelled income and the share of savings for the Council. The previous estimation of the Councils' share of the saving was £362,500; however the Contractor had recently advised that there was no longer any share of excess income for the Councils.

The Board discussed the revised calculation and the Project Director advised that he would be meeting with the Contractor to discuss the issue. The Board agreed that necessary legal advice should be sought on the matter, and dependent on the advice received the councils would proceed to Dispute Resolution. The Board would be kept informed on progress with the situation with regular briefings.

(Action: Mark Moon)

- **Performance** – The Board noted the provisional performance figures for 2010/11 and that these had improved in comparison to 2009/10.
- **Use of re3 Facilities by West Berkshire residents** – Payment had been received from West Berkshire for 2008/09 and 2009/10 for use of the facilities. Payment for 2010/11 and further payments would be paid 'on account' and a reconciliation process would be undertaken to establish the actual charge due.

An entrance sign for the Smallmead site had been drafted which included a removable sticker with the West Berkshire logo featured. Subject to amendments this would be displayed at the site.

RESOLVED that

- 1 Progress made since the last meeting of the Joint Waste Disposal Board on 16 March 2010 be noted.
- 2 The service regarding the delivery of education and waste minimisation functions as described within the contract be retained but seek to revise the terms and conditions so that the roles were seconded (or similar) to the councils rather than being separate from them. Alongside this change, the council would reduce the budget to £50,000 for activities in relation to this service. The re3 Project Team be approved to negotiate with the Contractor to effect the change.
- 3 Proposals to open up the HWRC's to local traders and SMEs be endorsed and the re3 Project Team be instructed to develop the proposal further with the Contractor for future approval by the JWDB.
- 4 Regular briefings on negotiations relating to the financial processes and savings options between the Councils and the Contractor should be provided to Members. Further details on cost transparency arrangements would be brought to future Board meetings.
- 4 The draft design of the entrance sign to the Household Waste Recycling Centres, subject to final amendments by the re3 Project Team be approved.

39. Audit of re3 Joint Waste PFI

The Board received the Annual Audit Report 2011/12 of the re3 Joint Waste PFI contract. It had been agreed by the Board on 1 July 2010 that one audit would be carried out on the Joint Waste PFI on behalf of the three councils by the Audit Team of Reading Borough Council.

The audit was carried out in April 2011 and areas looked at were:

- Finance

- Facilities
- Governance
- Relationships

The Board were informed of the recommendations and actions as a result of the audit which would be carried out every two years.

The Board noted the recommendations and agreed that the progress reports on these would be brought on a quarterly basis to the Joint Waste Disposal Board.

RESOLVED that

- 1 The audit report relating to the re3 Joint Waste PFI, as per the appendix attached to the report, be endorsed.
- 2 The Management Responses and associated actions included within the audit report be approved.
- 3 Progress reports on the outcome and result of actions from the audit report be brought on a regular quarterly basis to future Joint Waste Disposal Board meetings.

40. Review of Joint Working agreement

The Board received a report on the results of the review of the Joint Working Agreement (JWA) and proposed amendments.

The Board were informed that the amendments are to be approved by each Council within their own Executive arrangements. Officers would then arrange a date for the new version of the JWA to be sealed. The Project Manager noted that it would be preferable for the document to be sealed by the end of 2011 dependent on the Executive arrangements of the three councils. The Board discussed dates and confirmed that these would be brought to the next meeting of the JWDB.

RESOLVED that

- 1 The changes to the Joint Working Agreement as detailed in Appendix 1 to the report be approved.
- 2 The plan for formalising the amendments, as per 3.5 to 3.8, of the associated report, be approved.

41. Exclusion of Public and Press

RESOLVED that pursuant to Regulation 21 of the Local Authorities (Executive Arrangements) (Access to information) Regulations 2000 and having regard to the public interest, members of the public and press be excluded from the meeting for the consideration of item 9 which involves the likely disclosure of exempt information under the following category of Schedule 12A of the Local Government Act 1972:

- (3) Information relating to the financial or business affairs of any particular person.

42. Risk Register

The Board received and noted a report containing exempt information relating to its Risk Register.

The Project Manager also informed that Board that due to the governments recent review of the Waste Policy a revised process to consider risk management, business continuity and benefits realisation, with an re3 strategic context; would be brought to a future meeting.

(Action: Oliver Burt/Mark Moon)

CHAIRMAN

This page is intentionally left blank

TO: JOINT WASTE DISPOSAL BOARD
20 September 2011

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 since its last meeting on 7th July 2011.

2. RECOMMENDATIONS

- 2.1 To note progress made since the last meeting on 7th July 2011.
- 2.2 That Members agree to seek adoption of both the Contractor and Green Machine proposals for managing paint, as described at 3.12 to 3.17, for a period of 12 months prior to review.

3. SUPPORTING INFORMATION

Retail Outlet Replacement

- 3.1 Members will be aware of the reference within the contractual Service Delivery Plans (SDP's) of a retail outlet which the Contractor was to operate at Smallmead.
- 3.2 Members will also be aware that the Contractor has taken steps over the last year to put in place a service which could, in part, replace the activities planned for a retail outlet. The replacement service, which involves and supports Sue Ryder Care, operates at both sites and has been successful since its commencement early in 2011.
- 3.3 For some time, however, officers have requested detail of the finances that would otherwise have been associated with the provision of the retail outlet. Officers have been quite open about the fact that we felt that there might be a case for some form of repayment to the councils on the basis that the councils are likely to have been paying for it through the unitary charge, while no service has been provided.
- 3.4 Officers are liaising with the Contractor in an effort to secure a positive outcome and will report back to Members finally at either the next JWDB Meeting or before.

Longshot Lane Mini-MRF

- 3.5 Similar to the retail outlet issue discussed above, Officers have been enquiring as to the status of the planned mini-MRF at Longshot Lane. The enquiries have been both about the delivery of a replacement and also the potential for a repayment to the councils' equivalent to the element of the unitary charge which would have been paid by the councils while no replacement service was provided.
- 3.6 Since early in 2010 there have been plans to replace the planned mini-MRF at Longshot Lane with a simpler, mechanical grab. Trials on both have shown that the grab is more efficient at recovering items of value (for recycling or reuse), and has a wider practical application for the Contractor, than a mini-MRF.

- 3.7 Officers have been informed by the Contractor that the mechanical grab will be on site and operational within the next four weeks.
- 3.8 Officers are liaising with the Contractor in an effort to secure a positive outcome and will report back to Members finally at either the next JWDB Meeting or before.

Community Repaint

- 3.9 As discussed at the meeting of the JWDB on July 7th 2011, the councils have been informed by the Contractor of a proposal to process paint at a cheaper rate than is currently the case.
- 3.10 The proposal is to deliver paint from re3 facilities to a WRG facility in Sheffield.
- 3.11 At the time of writing this report, the Contractor has not provided a business case, as offered, for the proposed change.
- 3.12 Using information in our possession (tonnage and price data), however, officers feel that a saving of c £25,000 is achievable via the Contractors proposal.
- 3.13 The Contractors proposal offers a reduction in price of £100 per load (IBC container) of 'hazardous' paint (strictly all non-water based paints) and the same price as is currently paid for processing water based paint.
- 3.14 As such it should be possible to agree a system which utilises both the new proposal from the Contractor and the previous proposal to the JWDB, by Green Machine (the Bracknell based Community Interest Company).
- 3.15 Green Machine wish to provide for resale unused and unwanted, water-based paint. They do not propose to process any of the non-water based paints.
- 3.16 Subject to the proposal continuing to be deliverable for Green Machine, this would appear to offer the best of both worlds to the councils.
- 3.17 Officers feel that the councils should agree to both proposals being adopted for 12 months prior to review.

Replacement of Textile Banks at HWRC's

- 3.18 At a meeting in June 2011, attended by the Chief Executive of WRG, the Chair of the JWDB and the Chief Executive of Reading Borough Council, the Contractor proposed to change the charities and organisations collecting textiles across the re3 area.
- 3.19 It was proposed that there would be a share, for the councils, of revenue arising from the new arrangement.
- 3.20 At the meeting, council representatives made it clear that the issue must be handled sensitively because the councils had some long associations with the organisations that would be affected.
- 3.21 Subsequent discussions led officers to advise the Contractor that changes would not be possible in non-Contract locations. This meant that only the textile banks in the HWRC's at Longshot Lane and Smallmead could be changed.
- 3.22 The manner in which the transition was communicated to the incumbent charities and organisations, and subsequently arranged, has been handled poorly - something which the Contractor has acknowledged.

- 3.23 The Contractor has now informed the councils that any share of revenue is linked to the current, wider discussions between our respective parties on revenue share.

Haulage Contract Re-let

- 3.24 The process of appointing hauliers for the next five years is approaching completion.
- 3.25 To assist with the timely appointment of a new haulier, our PFI Contractor (with council support) has undertaken a combined Pre-Qualification Questionnaire (PQQ) and Tendering process. Both submissions are made at the same time but only the Tenders of those bidders who pass the PQQ threshold are retained in the process.
- 3.26 At the time of writing this report, the PQQ submissions received from bidders were being assessed.
- 3.27 Officers will brief Members on the outcome of the haulage market testing process as soon as the result is known.

Amendments to re3 Joint Working Agreement

- 3.28 At the Joint Waste Disposal Board meeting on July 7th, Members approved amendments to the Joint Working Agreement (JWA) between the re3 councils.
- 3.29 Members also approved a plan for the formal adoption of the amendments.
- 3.30 Officers have followed the plan and can inform Members that the individual councils will approve the amendments as follows:
- Bracknell Forest Council – 12th September 2011
 - Reading Borough Council – tba
 - Wokingham Borough Council – 17th November 2011
- 3.31 Alongside this process, officers will liaise with our Contractor, WRG, and seek their necessary formal approval (including the approval of the funders). Officers do not envisage any problems in securing this approval.
- 3.32 Following the final, council approval of the changes, as detailed at 3.24 above, a final copy of the new JWA will be produced by the Legal Services Team at the Administrative Authority. This process will mirror that which was undertaken when the original suite of contract documents were signed, in London, on October 31st 2006.
- 3.33 The new, amended version of the JWA will then replace the existing version and come into use.

Finance

- 3.34 The financial details for the PFI contract, usually summarised within this report, are included within a separate report at this AGM.

BACKGROUND PAPERS

Board Report 7th July 2011

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

References within the contractual Service Delivery Plans to the provision, by the Contractor of a retail outlet and mini-MRF.

Reference 1 – SDP 4 (4.2)

4.2 *Smallmead HWRC*

CA Site General The reconstruction of two new household waste recycling centres sites at the Smallmead and Longshot offer considerable improvements for the public and the Councils' collection contractors. The design and service proposed incorporates the following features:

- Improved vehicle management to reduce queuing on the highways.
- Improved layouts to improve throughput.
 - On-site education facilities.
- Access and on-site assistance for disabled and elderly users.
- Additional signage, directing the public to the correct unloading points and for use of banks and bays.
- Additional measures to reduce Trade Waste inputs, including Close Circuit Television (CCTV) monitoring cameras.
- Low-level facilities and personal assistance by site staff for disabled and elderly users and assistance provided on request by any member of the public.
- Additional manning to assist the public and improve throughput and recycling rates.
- Improved lighting to have the flexibility to extend opening hours, to include hours of darkness
- Extensive recycling options for a widened range of materials including timber, mixed plastics, bric-a-brac and Waste Electrical and Electronic Equipment (WEEE).
- Covered weather protected tipping windows for Residual Waste.

- A retail outlet at Smallmead where items can be refurbished, repaired, made safe and reused.
- A recycling barometer to inform the Public how well we are doing in recycling their waste.

Reference 2 – SDP 4 (4.2iv)

Storage and welfare An area to the rear of the Smallmead HWRC has been set aside for storage of WEEE, welfare facilities for staff and general storage for items such as bric a brac. Please reference Drawing 3056-10 (PL) 02 for greater detail of the layout of the Smallmead HWRC, the drawing indicates an area is set aside for fridges and freezers of approximately 16m x 8m which gives storage capacity for about 130 units, a secure fenced area for Hazardous Waste and a staff welfare block with a rest area, kitchen and toilet. Externally to the left of the rear entrance to the Smallmead HWRC will be where the WEEE is stored in lockable containers that can be picked up directly by a relevant sub-contractor.

An ISO container will be used to store fridges and freezers so that the original storage area can be used as a retail area. The ISO container will be sited alongside the wall to the south of the service vehicle entrance.

Reference 3 – SDP 4 (4.2 Additional Information)

4.2 Additional information

Transfer of licenses Not used.

Best Practice Not used.

Actions to promote re-use. Elements of the waste stream that can be re-used will be separated. An area has been selected to be used as a retail outlet prior to redevelopment of the site. Following full redevelopment of the site the Contractor will make space available for the resale of items. The location of such activities will be confirmed following the Completion of the Works at Smallmead and it is clear as to where the most appropriate place will be.

Measuring and recording The nominal or net weight of materials leaving site for re-use or re-sale will be recorded with details included in the monthly report.

Reference 4 – SDP 4 (4.4i)

4.4 Smallmead Materials Recovery Facility (MRF)

4.4.1 Role and Function The purpose of the MRF will be to receive, sort and separate co-mingled or partially separated mixed dry (MDR) recyclables including, mixed paper and card and mixed plastic and cans. We shall provide reception and sorting facilities for the processing of MDR and the production of recycled materials which meets current Best Value definitions under BV82a for Recycling. Interim arrangements will continue to be provided through the utilisation of the Beenham MRF and the Longshot mini-MRF until the new Smallmead MRF has been commissioned (See SDP 8).

TO: JOINT WASTE DISPOSAL BOARD
20 September 2011

JOINT WASTE DISPOSAL BOARD – ANNUAL FINANCIAL STATEMENT
(Report by the Project Director)

1. INTRODUCTION

- 1.1 The purpose of this report is to summarise the financial position of the joint waste PFI for the 2011 Annual General Meeting of the Joint Waste Disposal Board.
- 1.2 It seeks to conclude the management of finances in the 2010/11 year; details the emerging position in the current year and presents the first draft of the budget for the 2012/13 year.

2. RECOMMENDATIONS

- 2.1 **To note the contents of the Annual Financial Statement.**

3. SUPPORTING INFORMATION

2010/11 Annual Statement

- 3.1 See Appendix 1 for the 2010/11 Annual Unitary Charge Statement.
- 3.2 This is an alternative version of the Annual Outturn which was presented at the July 2011 JWDB and provides details of the various elements of expenditure on the contract in the past year.

2011/12 Outturn

- 3.3 The year to date outturn for 2011/12 is attached under Appendix 2.
- 3.4 Based on actual tonnage and costs for the first three months and forecast tonnages and costs for the remainder of the year, the Project is currently projecting a £338k over spend against budget. This figure is broken down into the individual, per council, budgets as shown in the light blue, highlighted row in Appendix 2.
- 3.5 One factor in the projected overspend is that contract waste tonnage for Quarter 1 was up 2000 tonnes, or 4%, on the forecast. The majority of this increased tonnage stemmed from the Household Waste Recycling Centres; in particular green waste and rubble/soil, which we believe is due to the sites being very busy during the warm weather and Bank Holidays in this period.
- 3.6 The other factor contributing to the projected overspend is that the budget for the current year assumed inflation at 4.6%, based on indications at the time of budget setting. However, by April 2011 inflation had increased to 5.3%; this is the rate against which the 2011/12 contract year costs are indexed. The cost of this additional 0.7% is just over £116k.
- 3.7 As regards the Management Budget, there has been little expenditure for the year to date. It should be noted that the Councils' financial and legal advisors are currently engaged in relation to the Recyclate Income issue.

- 3.8 Per the previous advice of the re3 Project Manager, expenditure is currently limited to £5000 each, but Members will be consulted should expenditure need to increase beyond that available within the budget.

2012/13 Budgets

- 3.9 The draft Waste Disposal budget for 2012/13 is attached under Appendix 3.
- 3.10 The budget is based upon estimated tonnages derived from a waste modelling exercise which the Councils completed in July 2011. The main underlying assumptions are highlighted below.
- 3.11 A growth factor of 1% has been applied to 2012/13 forecast contract tonnage, with further assumptions on movements in tonnage as a result of changes to the kerbside collection scheme which will be introduced by Wokingham in April 2012.
- 3.12 It is anticipated that there will be reductions in Wokingham's kerbside residual and green waste due to the collection changes. It is assumed that some tonnage will disappear completely from the waste stream and that some tonnage will be diverted via Longshot Lane and Smallmead HWRCs.
- 3.13 Inflation for 2012/13 is assumed at 5% based upon current levels, and at 2.5% for subsequent years, per the financial model.
- 3.14 The allocation of assumed tonnage and costs of the Household Waste Recycling Centres is per the November 2010 User Survey.
- 3.15 The draft Waste Disposal budget for 2012/13 has been shared with the appropriate accountants at each Council.
- 3.16 The draft Management budget for 2012/13 is attached under Appendix 4.
- 3.17 The proposed Management Budget represents 0.89% of the budgeted project cost for the 2011/12 year. As previously reported, the 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.

BACKGROUND PAPERS

CONTACTS FOR FURTHER INFORMATION

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

Oliver Burt, Project Manager
0118 937 3990
oliver.burt@reading.gov.uk

APPENDIX 1 – Annual Unitary Charge Statement

2010/11 Annual Unitary Charge Statement							
	BFBC		RBC		WBC		TOTAL
Actual Payment							
Baseline Payment	£	2,142,054	£	2,756,544	£	3,030,097	£ 7,928,694
Recycling Payment	£	306,603	£	374,043	£	394,823	£ 1,075,468
Composting Payment	£	407,730	£	353,042	£	641,209	£ 1,401,981
Landfill Payment							£ -
Landfill Tax	£	617,834	£	928,799	£	779,070	£ 2,325,703
Landfill Gate Fee	£	304,747	£	458,130	£	384,276	£ 1,147,153
Landfill Haulage	£	136,492	£	205,190	£	172,112	£ 513,794
EFW Payment	£	1,299,757	£	1,861,777	£	1,944,497	£ 5,106,031
Beneficial Use Payment	£	32,574	£	41,762	£	68,442	£ 142,778
Civic Amenity Site Payment	£	344,247	£	282,328	£	551,451	£ 1,178,026
Waste Minimisation Payment	£	46,813	£	60,230	£	66,195	£ 173,239
Pass-through Costs							£ -
Waste	£	107,965	£	132,320	£	219,815	£ 460,100
Non-waste							£ -
RBC Trade Collection	£	-	£	210,609	£	-	£ 210,609
Bring Bank Passthrough	£	-	£	5,122	£	-	£ 5,122
Additional works	£	11,213	£	30,460	£	9,741	£ 51,414
Rental income	-£	375,375	-£	231,000	£	-	-£ 606,375
Rental Payment	£	165,783	£	215,021	£	225,572	£ 606,375
Performance Deductions	-£	660	-£	754	-£	886	-£ 2,300
Contamination Payment	£	22,201	£	27,131	£	28,585	£ 77,917
Royalty Payment	-£	24,876	-£	32,264	-£	33,847	-£ 90,987
TOTAL	£	5,545,102	£	7,678,489	£	8,481,152	£ 21,704,743
Additional Charges/Income							
Business Rates	£	106,441	£	138,055	£	144,829	£ 389,325
EFW Adjustment	-£	6,929	-£	8,987	-£	9,428	-£ 25,344
Waste Min Refund	-£	32,194	-£	43,107	-£	44,699	-£ 120,000
Insurance Saving	-£	18,393	-£	23,971	-£	26,224	-£ 68,588
Share of Recyclate Income	£	-	£	-	£	-	£ -
	£	48,925	£	61,990	£	64,478	£ 175,393
TOTAL UNITARY CHARGE PAYMENTS 2010/11	£	5,594,028	£	7,740,479	£	8,545,630	£ 21,880,137
2010/11 Budget	£	5,832,480	£	7,874,406	£	8,949,805	£ 22,656,691
2010/11 Underspend	-£	238,452	-£	133,927	-£	404,175	-£ 776,554

APPENDIX 2 – Forecast Outturn 2011/12

re3 PFI Budget Monitoring

2011/12 Waste PFI Outturn

		BFBC £	RBC £	WBC £	TOTAL £
Apr-11	Provisional	483,517	685,187	775,615	1,944,319
May-11	Provisional	501,074	741,456	780,251	2,022,780
Jun-11	Provisional	527,488	691,211	727,077	1,945,776
Jul-11	Forecast	513,311	710,670	750,822	1,974,804
Aug-11	Forecast	528,120	731,334	771,647	2,031,100
Sep-11	Forecast	516,237	718,732	754,382	1,989,351
Oct-11	Forecast	512,192	710,270	746,701	1,969,163
Nov-11	Forecast	500,566	710,200	726,398	1,937,164
Dec-11	Forecast	483,332	683,311	699,197	1,865,840
Jan-12	Forecast	481,333	686,253	696,981	1,864,567
Feb-12	Forecast	459,705	659,061	670,013	1,788,779
Mar-12	Forecast	500,252	707,126	727,413	1,934,791
TOTAL		6,007,127	8,434,811	8,826,496	23,268,434
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)		-14,861	-19,124	-21,016	-55,000
Waste Min Saving 2011/12 (note 7)		-35,774	-46,035	-50,590	-132,400
2011/12 Projected Outturn		6,071,867	8,514,352	8,912,738	23,498,956
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

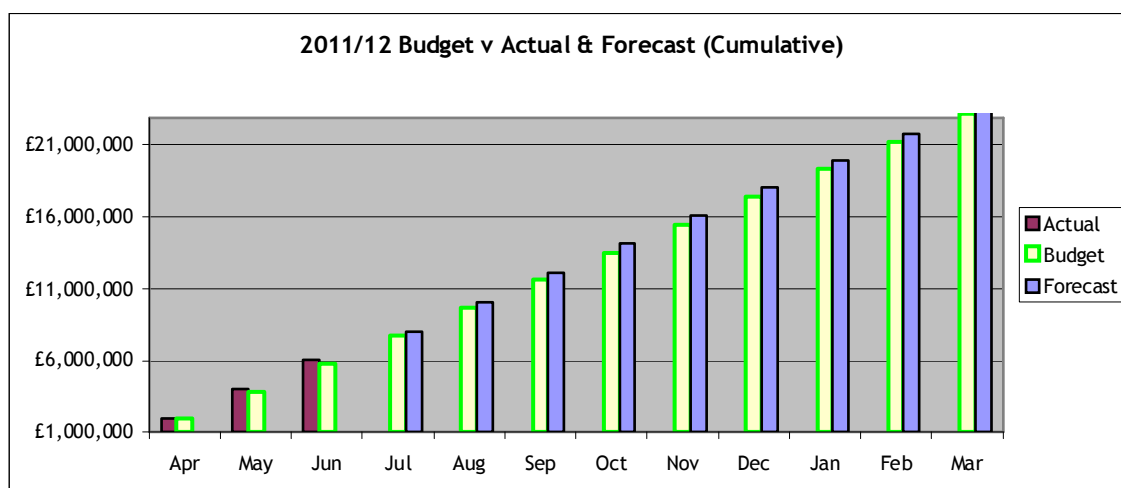
Projected Over/Underspend	120,647	94,452	122,883	337,981
----------------------------------	----------------	---------------	----------------	----------------

1.5%

Notes

1. Based on provisional figures for Quarter 1 and 193k tonne forecast (Nov 10)
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
6. Estimated Waste Min savings from 2010/11 currently under discussion with WRG. Estimated £35k unused promotional budget and £20k salary saving.
7. 2011/12 Waste Min budget reduced from £182,400 to £50,000 per July 11 JWDB.

re3 Management Budget/Costs not included



APPENDIX 3 – Draft Waste PFI Budget 2012/13

Updated September 2011							
Estimate 2012/13	BFBC		RBC		WBC		TOTAL
Baseline Payment	£	2,139,665	£	2,784,342	£	2,706,081	£ 7,630,087
Recycling Payment	£	347,011	£	435,595	£	462,045	£ 1,244,651
Efw	£	1,397,483	£	2,373,997	£	2,462,937	£ 6,234,417
Composting Payment	£	491,487	£	436,616	£	538,403	£ 1,466,506
Landfill Payment							
Landfill Tax	£	921,003	£	1,144,214	£	641,151	£ 2,706,368
Landfill Gate Fee	£	391,962	£	486,957	£	272,862	£ 1,151,781
Landfill Haulage	£	168,692	£	209,576	£	117,434	£ 495,703
Beneficial Use Payment	£	38,507	£	52,292	£	70,556	£ 161,355
Civic Amenity Site Payment	£	387,327	£	353,218	£	561,939	£ 1,302,484
Waste Minimisation Payment	£	14,021	£	18,246	£	17,733	£ 50,000
Pass-through Costs							
Waste	£	120,668	£	152,147	£	251,829	£ 524,644
Rates	£	108,168	£	140,294	£	147,178	£ 395,639
Bring Banks (card & cans/plastics)	£	-	£	-	£	-	£ -
Additional works	£	9,933	£	26,639	£	8,579	£ 45,150
RBC Trade Collections	£	-	£	263,835	£	-	£ 263,835
Rental income	-£	415,025	-£	255,400	£	-	-£ 670,425
Rental Payment	£	183,294	£	237,733	£	249,398	£ 670,425
Royalty Payment	-£	22,344	-£	28,980	-£	30,402	-£ 81,725
Contamination Payment	£	25,166	£	31,590	£	33,508	£ 90,264
	£	6,307,019	£	8,862,909	£	8,511,231	£ 23,681,159

APPENDIX 4 – Draft Management Budget 2012/13

<u>2012/13 re3 Management Budget</u>			
Description			2012/2013 Approved Budget
			£
Employees			
1010 & 6700	Salaries		152,300
1110	NI		11,800
1210	Super		20,200
1930	Training		3,000
			187,300
Transport			
3303	Car Allowances		800
			800
Supplies & Services			
4005	Equipment		500
4226	Stationery		500
4306	Legal/Financial Advice		20,000
4500	Computer Equipment		1,800
4516	Mobile Phones		400
			23,200
			2011/12 Total Budget
			£ 211,300
2012/13 Allocation of Management Costs			
		BFBC £	70,433
		RBC £	70,433
		WBC £	70,433
		£	211,300

TO: JOINT WASTE DISPOSAL BOARD
20 September 2011

**JOINT WASTE DISPOSAL BOARD – re3 WASTE PFI CONTRACT BENEFITS
REALISATION
(Report by the Project Director)**

1. INTRODUCTION

- 1.1 The purpose of this report is to describe the work of officers in developing a framework for the measurement and monitoring of the outcomes from the re3 waste PFI contract.
- 1.2 Following the recent audit of the re3 waste PFI contract, officers have continued to develop their monitoring activities. The work described in, and presented with, this report forms part of that process.

2. RECOMMENDATIONS

- 2.1 **To note the contents of the Annual Financial Statement.**
- 2.2 **That Members agree to further work being undertaken in respect of Project Objective 5, subject to resources being available and as described at 3.10.**
- 2.2 **That Members agree to receive a summarised update of the monitoring report at each Joint Waste Disposal Board with a more detailed report at each AGM.**

3. SUPPORTING INFORMATION

Benefits Management and Realisation

- 3.1 The purpose of benefits management is to assist in ensuring that the outcomes of a business case are actually achieved.
- 3.2 By monitoring progress towards the achievement of an identified outcome, an organisation can, over time, make strategic adjustments in order to ensure success.
- 3.3 Another reason for seeking to monitor the delivery of outcomes, particularly at the present time, is that it should help to place emerging factors and influences in strategic context. Some factors and influences will support or supplement our original objectives while others will distract from them.

re3 Benefits Realisation Plan

- 3.4 Appended to the report is a summary which describes the status of 10 outcomes, described as Project Objectives, which have been identified from the Final Business Case for the re3 waste PFI contract.
- 3.5 Each Project Objective relates to an expectation that the PFI contract was designed to address.
- 3.6 Where possible, officers have sought to demonstrate or describe the path to achieving the Project Objective. In some cases the ultimate achievement can only finally be assess in year 25 of the contract while, in others, there are clear interim targets.

- 3.7 It should be noted that the monitoring of the 10 existing Project Objectives does not, in itself, form a Benefits Realisation Strategy at present. That is a piece of work which officers feel should be undertaken alongside and with reference to other strategic work – such as planning to comply with the recent Government Review of Waste Policy in England 2011.
- 3.8 The summary at Appendix 1 uses a simple ‘traffic light’ system to denote progress.
- 3.9 At present, officers conclude that 6 of the 10 Project Objectives are being successfully delivered (green) while in 2 there remains some work to be done. In two other cases, officers are still working on the basis for measuring progress and these are discussed below.
- 3.10 The first outcome in which measurement is still being determined is Project Objective 5. It relates to the ongoing value for money of the re3 joint waste PFI contract. Officers would like to be able to update the existing value for money comparators. To do this the councils may need to engage the services of our financial advisors. Officers would do this only if existing budgetary resources allowed and Members approved.
- 3.11 The other outcome where measurement is being developed is Project Outcome 6. In this case officers are in the early stages of liaising with colleagues at other similar projects in order that we can create a small number of indicators which would help the re3 councils to compare our PFI contract against others. There are other positive possibilities from this sort of liaison between ourselves and others in a similar position e.g. information sharing and experiences of contract management.

BACKGROUND PAPERS

None

CONTACTS FOR FURTHER INFORMATION

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

Oliver Burt, Project Manager
0118 937 3990
oliver.burt@reading.gov.uk

Appendix 1.

re3 Benefits Realisation Plan

Summary of Current Performance

Current performance for each of the project objectives.

Project Objective Number	Description	Current Performance
1	Meet or exceed the projected performance for recycling and recovery from the Final Business Case.	
2	Meet or exceed the requirements of the European Union (EU) Landfill Directive and the Waste Emissions trading Act.	
3	Manage financial exposure associated with the landfill of waste over the next 25 years.	
4	Sustain and reinforce the waste hierarchy.	
5	Provide value for money.	
6	Deliver a long-term-sustainable and pragmatic solution to the management of municipal waste.	
7	Transfer an appropriate level of risk to the contractor.	
8	Maintain flexibility to deal with changing needs/circumstances.	
9	Deliver ongoing service improvement.	
10	Fulfilment of the council's duties as waste disposal authorities.	
11	Full integration of the waste management service.	

Key

	Performance currently below the level expected.
	Performance at or above the level expected.
	Further work required in order to determine current performance.

This page is intentionally left blank