

**TO: JOINT WASTE DISPOSAL BOARD**  
**20 September 2011**

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**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**

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## 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.