

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

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**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**

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## 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
<b>TOTAL</b>		<b>6,007,127</b>	<b>8,434,811</b>	<b>8,826,496</b>	<b>23,268,434</b>
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
<b>2011/12 Projected Outturn</b>		<b>6,071,867</b>	<b>8,514,352</b>	<b>8,912,738</b>	<b>23,498,956</b>
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

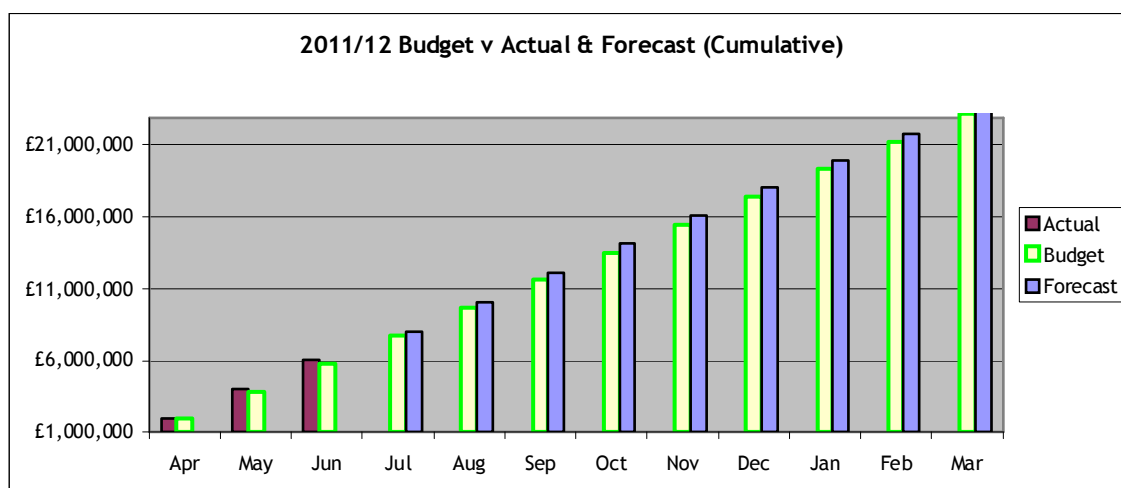
<b>Projected Over/Underspend</b>	<b>120,647</b>	<b>94,452</b>	<b>122,883</b>	<b>337,981</b>
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1.5%

#### 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

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