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Agenda Item 4

JOINT WASTE DISPOSAL BOARD
25 JUNE 2008
(7.00 - 9.30 pm)

Present:

Bracknell Forest Council

Councillor Mrs Dorothy Hayes

Steve Loudoun, Chief Officer: Environment & Public Protection

Reading Borough Council

Councillor Ricky Duveen

Councillor Paul Gittings

Kevin Holyer, Head of Environment & Consumer Affairs

Oliver Burt, Re3 Project Manager

Dave Fisher, Finance

Wokingham Borough Council

Councillor Rob Stanton (Chairman)

Pete Baveystock, Waste and Recycling Manager

Mark Moon, Re3 Project Director

Also in attendance:

Jim Meredith, WRG Chairman

Chris Ellis, WRG

Paul Rowland, WRG

Andrew Woolcock, General Manager, Re3 Ltd

Apologies for absence were received from:

Councillors Mrs Mary Ballin (Bracknell Forest Council) and Councillor Simon Weeks (Wokingham Borough Council).

27. Declarations of Interest

There were no declarations of interest.

28. Minutes of the Meeting of the Joint Waste Disposal Board - 19 March 2008

The minutes of the meeting of the Joint Waste Disposal Board held on 19 March 2008 were accepted by the Board and signed by the Chairman.

29. Presentation by Andrew Woolcock, General Manager, Re3 Ltd

The General Manager of RE3 delivered a presentation to the Board on the progress made to date and the objectives and targets of the PFI contract. He reported that in terms of progress to date:

- Existing sites at Smallmead and Longshot were being managed
- Provisions had been made for disposal and composting
- Waste minimisation was being implemented
- 'Bring Banks' were up and running and would be extended
- Smallmead's new Household Waste Recycling Centre and Waste Transfer Station had been operational since January 2008.

- A 25 year Solution is being developed
- New Waste reception and recycling facilities were being considered

Targets: Recycling & Composting:

- From 28% to 40% by 2010
- To 46% by 2015
- To 50% by the end of the contract
- Achievement for 2007/08 is 35%

Landfill:

- Reduce amount sent to landfill to 92,500 tonnes by 2010

Recovery:

- Recover value from 45% of arisings by 2011

Members of the Board commended the General Manager for the progress achieved to date and were pleased to note that progress of the contract would be reviewed on an annual basis by the Board, with an exchange of notes being made between the Waste Board and WRG's bond, highlighting any issues that had arisen.

Members of the Board stressed the importance of educational work around recycling and communicating with the public and schools. It was agreed that a Communications Plan would be brought to the next meeting of the Board.

It was agreed that the Councils' and WRG would work together in a partnering arrangement to bring benefit to all parties involved and it was welcomed that WRG would share information from its contracts across Europe, of examples of best practice and cross Europe solutions wherever possible.

30. **Engineering Procurement Construction (EPC) and Planning - Monthly Report 18 May 2008**

The Board received a report that informed them of the progress made in the areas of the EPC Contract and Planning since their last meeting on 19 March 2008.

RESOLVED that Members noted progress made in the areas of the EPC Contract and Planning since the last meeting on 19 March 2008.

31. **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 32 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.

32. **Joint Waste Disposal Board Progress Report - June 2008**

The Board received a report that informed them of progress on the Joint Waste PFI Contract which was signed with WRG on 31 October 2006. After a short mobilisation period, the service had commenced on 4 December 2006, when WRG took on the management of the two Key Project Facilities in Bracknell and Reading.

Board Members noted that individual councils were required to individually meet targets of 40% recycling/composting rates, regardless of the collective target that was met. It was noted that each percentage increase became more and more challenging to achieve.

Members thanked all staff and in particular frontline staff who had been involved in collections over the Bank Holiday period. It was noted that collections had been carried out with minimum disruption and inconvenience to residents.

RESOLVED that the Board noted progress since the last meeting on 19 March 2008.

33. **Joint Waste Authorities' Report**

The Board received a report that looked at the likely characteristics of a Joint Waste Authority with specific reference to and discussion of the potential benefits for the re3 councils.

The Project Manager reported that foundations were already in place for a Joint Waste Authority (JWA). A JWA would be able to pool targets and LATS obligations, simplifying the reporting procedures and, for the re3 councils, the existing mechanisms for sharing the benefits from contractual facilities such as Lakeside. It would not prevent the individual efforts of member councils/residents from being recognised.

He reported that DEFRA were currently gauging the level of interest in JWA and that officers would need to provide a response.

RESOLVED that;

- i) the Board noted the contents of the report.
- ii) Members requested that further investigations be carried out on the subject of Joint Waste Authorities leading to a decision report being brought back to the JWDB before the end of 2008.
- iii) Members approve the submission of an Expression of Interest, in the creation of a Joint Waste Authority to DEFRA on behalf of the re3 councils.

34. **Food Waste Report**

The Board considered a report that detailed options for food waste collections available to the three councils.

The Project Manager reported that whilst it was not economically viable to build a food waste processing facility in the re3 council area, the possibility of collecting food waste and transporting it to a nearby facility may be viable.

Board Members stressed the importance of educational work and communicating messages to the public. The Project Manager agreed to bring information to the next meeting of the Board on what was being done on this, with the input of Waste Minimisation Officers. He also stated that as food waste was appearing prominently in the media, re3 would be issuing a press release to show what work was being done in this area.

The Board also asked that the LGA Chairman be requested to raise this issue at the LGA.

RESOLVED that

- i) the Board noted the contents of the report.
- ii) Members would receive a further review of the situation and update at the first meeting of the Joint Waste Disposal Board in 2009.

35. **Business Resource Efficiency and Waste**

The Board considered a report that informed them of the successful application made on behalf of re3 by Wokingham Borough Council to BREW for a grant of £40k to develop a Business Waste Action Plan to complement the Joint Municipal Waste Management Strategy approved by the Board.

The Project Manager reported that a number of impressive partners had been brought on board and five good tenders had been received. Eventually Scott Wilson had been chosen to take this work forward.

The Chairman thanked all officers that had been involved in this work.

RESOLVED that

- i) the Board noted the successful application and the resulting work to be carried out under the grant as laid out in the report attached to the agenda.
- ii) the Board noted the progress of the project.

36. **Dates of Future Meetings**

The Chairman asked that the dates of all future meetings of the Board be checked to ensure that there are no further clashes for Members.

CHAIRMAN

**TO: JOINT WASTE DISPOSAL BOARD
30 SEPTEMBER 2008**

**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 of progress since the last meeting of the Board on 18 June 2008.

2. RECOMMENDATION

- 2.1 **To note progress made since the last meeting on 18 June 2008.**

3. SUPPORTING INFORMATION

Background

- 3.1 The Joint Waste PFI Contract was signed with WRG on 31 October 2006. After a short mobilisation period, the service commenced on 4 December 2006, when WRG took on the management of the two Key Project Facilities in Bracknell and Reading.

Operations

- 3.2 Operationally, the contract has been running smoothly since the last JWDB in June.
- 3.3 Since that time, the Burghfield Landfill on the outskirts of Reading 're-opened' briefly enabling waste to be directly delivered. Reading Borough Council took advantage of the re-opening and, by delivering waste directly, achieved a saving on haulage costs.
- 3.4 The new MRF has recently begun to build up a stock of recyclables for commissioning. Once, commissioning is complete, in October or November, the facility will receive recyclables from all three councils.

Finance and Performance

- 3.5 Delays were experienced in receiving monthly performance information from WRG for the first quarter, meaning that this information was not available until mid-August.
- 3.6 The delay was due to technical problems with reports generated by the WRG weighbridge, which meant that when the reports were run, significant amounts of data were missing. The data had to be recaptured and the reports reconfigured.
- 3.7 WRG were not subject to any penalties for the delays, as the contract only stipulates that WRG must provide performance information on a quarterly basis. However, it is of mutual benefit to both parties for the information to be reported and agreed monthly.
- 3.8 WRG have assured the Councils that the problem has now been rectified, and are now reporting monthly data once more. The last 2 months data have been received within three weeks of month end.

- 3.9 A summary of individual Council performance against the contract and national indicators is appended to this report.
- 3.10 The PFI is currently projecting a combined under spend of £365,000 against the budget this year. This is primarily due to tonnages being lower than expected for the year to date, particularly landfill tonnages.
- 3.11 The restriction of Longshot Lane opening hours has seen a marked decrease in the amount of waste received at the site, and Smallmead has seen a marked increase. This resulted in Reading incurring additional HWRC related costs whilst Bracknell would experience HWRC related savings.
- 3.12 In order to address the imbalance, a weighted average has been applied to HWRC tonnes.
- 3.13 Work on the 2009/10 budget is underway between the Council Project Team and the Councils' own accountants.

Risk Register

- 3.14 The councils Management Team have developed a Risk Register to identify and plan the management of areas of risk associated with the PFI contract.
- 3.15 The Risk Register is appended to this report for information.
- 3.16 The most significant, newly-recorded risk refers to the importance of working to avoid contamination in our deliveries of Mixed Dry Recyclables to the new MRF. It is recorded at line 25 on the Register.
- 3.17 Amendments have been made to a number of other risks and these are highlighted in light blue on the Register.

Joint Waste Authority

- 3.18 At the last JWDB Members agreed to the submission, to DEFRA, of an Expression of Interest in the creation of a Joint Waste Authority for the re3 Councils.
- 3.19 The Expression of Interest was submitted in accordance with instructions from DEFRA. The re3 Councils now have until the end of March 2009 to debate the implications of a Joint Waste Authority and, if appropriate, to prepare and submit an application.
- 3.20 Members received a report on the pro's and con's of a Joint Waste Authority, at the June 2008 JWDB.
- 3.21 The re3 Project Manager and Chief Officer, Environment and Public Protection, BFBC are preparing a further, more detailed, briefing for Members which will be circulated in advance of the next JWDB (December 08) to enable the implications to be debated, and a recommendation made from the JWDB to the individual councils.
- 3.22 A Decision on whether to proceed with an application will need to be made by the re3 councils in advance of the formal application in March 2009.

Shared Waste Collection Services

- 3.23 A number of the potential advantages of a Joint Waste Authority are specifically designed to assist local authorities in the sharing of services such as waste collection – in order to achieve savings, efficiencies and performance improvements.
- 3.24 The re3 Project Manager and officers from the re3 councils are working on a project to establish the likely savings that could be achieved from a partnership-wide shared collection service.
- 3.25 There are many factors to consider in the assessment of potential savings within waste collections across the re3 councils. Two of the partners utilise wheeled-bins and an alternate weekly collection system whilst the other does not. Two of the partners have an external contractor whilst the other does not.
- 3.26 If the project indicates that savings can be achieved locally via a particular delivery model, then the councils will be in a position to formally move towards a sharing arrangement if they so choose. The findings could also be used to assist in the formulation of a specification.
- 3.27 This is a necessary and timely piece of work because the Bracknell Forest collection contract expires during 2011 and the procurement of a new one will need to commence by the second half of 2009. The Board may collectively wish to include the facility for one or both of the other councils to join this contract at a later, specified date.
- 3.28 Officers will keep Members informed of progress via reports to the JWDB with the final assessment of potential savings being presented at the Summer (June/July) meeting in 2009.

BACKGROUND PAPERS

Reports to Joint Waste Disposal Board, 12 December 2007

CONTACTS FOR FURTHER INFORMATION

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Bracknell Forest Borough Council Performance

In April 2008, the waste related Best Value Performance Indicators were replaced with National Indicators 191, 192 and 193, meaning that Council performance is now measured slightly differently.

NI 192 is broadly the same as BVPIs 82a and 82b, and through this comparison it is clear that BFBC's recycling, reuse & composting rate has increased from 40% in 2007/08 to 42% in the year to date. (See Tables 1 & 3)

BFBC is within its LAA target for NI 193, with 56% of municipal waste being landfilled in the year to date, its target being 58.2%. (See Table 4)

The cost of the PFI is largely based on the tonnes of waste processed through the contract facilities. The Waste Flow Model forms the 25 year forecast of assumed tonnages throughout the life of the contract.

A comparison of the Waste Flow Model with the actual tonnes processed from April 2007 to July 2008 shows that BFBC is delivering more green waste, more recycling and less residual waste than was originally modelled. This is almost certainly the result of the alternate weekly collections that BFBC introduced in October 2006. (See Figure 1)

2007/08 Best Value Performance Indicator Summary - BFBC

| | | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL | 2007-08 TARGET |
|-----|--|----------|----------|----------|----------|----------|----------------|
| 82a | Tonnes Recycled | 3882.02 | 3437.47 | 3658.35 | 4081.11 | 15058.95 | 26.00% |
| | % Recycled | 25.44% | 23.55% | 27.92% | 31.28% | 26.89% | |
| 82b | Tonnes Composted | 2282.27 | 2230.09 | 1723.62 | 938.80 | 7174.78 | 14.00% |
| | % Composted | 14.95% | 15.28% | 13.15% | 7.19% | 12.81% | |
| 82c | Tonnes Energy from Waste | 33.33 | 34.40 | 35.88 | 35.85 | 139.46 | |
| | % Energy from Waste | 0.22% | 0.24% | 0.27% | 0.27% | 0.25% | |
| 82d | Tonnes Landfilled | 9063.31 | 8894.31 | 7686.62 | 7992.65 | 33636.89 | 60.00% |
| | % Landfilled | 59.39% | 60.94% | 58.66% | 61.25% | 60.06% | |
| | Total Tonnes Household Waste Collected | 15260.93 | 14596.28 | 13104.47 | 13048.41 | 56010.08 | |

Table 1

2008/09 National Indicator Summary - BFBC

(April-July 2008)

NI 191: Residual Waste per Household

| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|-------------------------------------|----------|---------|-------|-------|--------------|
| Total Household Tonnes | 13347.35 | 4529.55 | | | 17876.90 |
| Reused, Recycled & Composted Tonnes | 5676.39 | 1873.05 | | | 7549.43 |
| Residual Tonnes | 7670.96 | 2656.50 | | | 10327.46 |
| Residual Waste Per Household (kg) | 168.59 | 58.38 | | | 226.97 |

Table 2

NI 192: Percentage of Household Waste for Reuse, Recycling & Composting

| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|--------------------------------------|----------|----------|-------|-------|--------------|
| Reuse, Recycling & Composting Tonnes | 5676.39 | 1873.05 | | | 7549.43 |
| Total Household Tonnes | 13347.35 | 4529.551 | | | 17876.90 |
| % Reuse, Recycling & Composting | 42.53% | 41.35% | | | 42.23% |

Table 3

NI 193: Percentage of Municipal Waste Landfilled

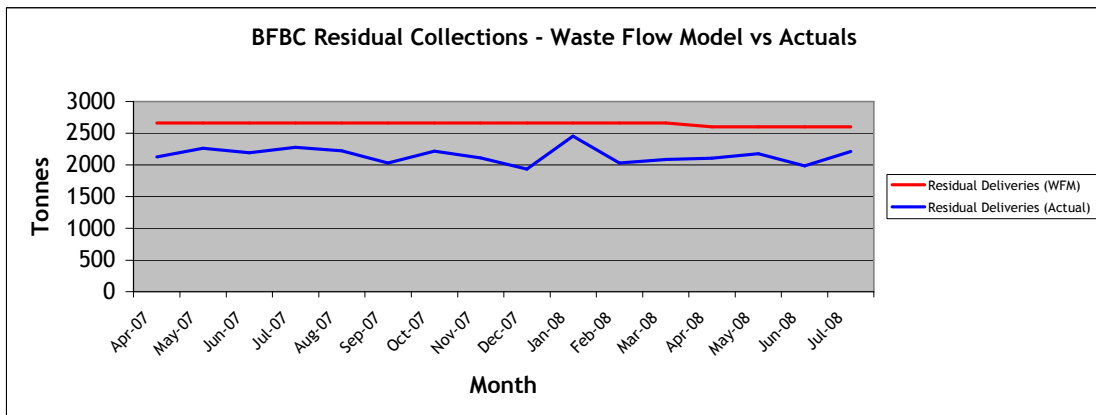
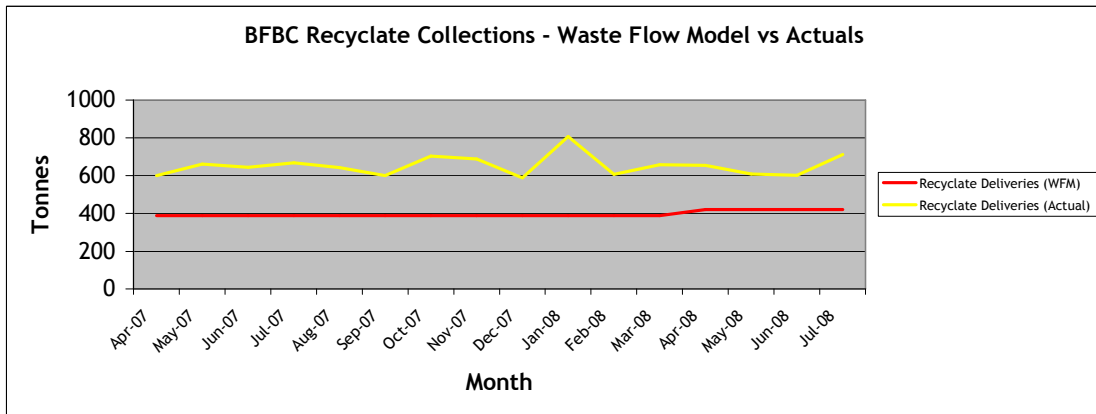
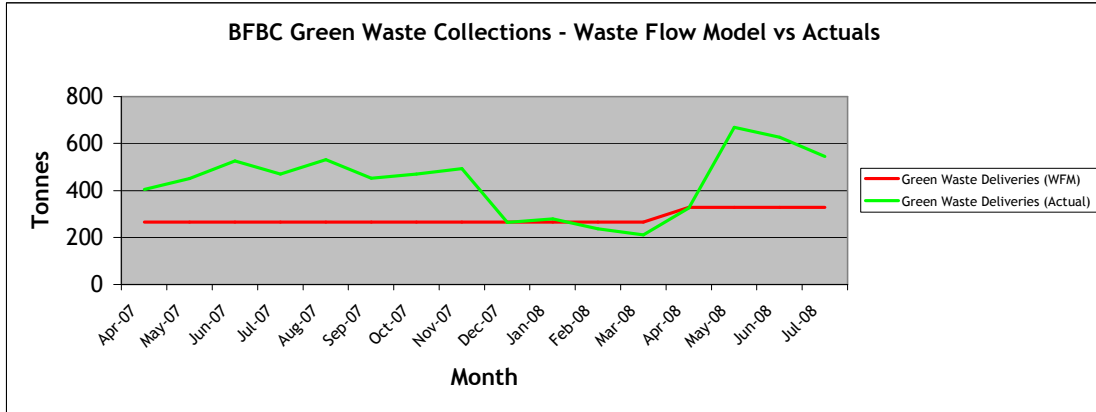
| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|-----------------------------------|----------|----------|-------|-------|--------------|
| Total Municipal Waste | 13875.98 | 4709.807 | 0 | 0 | 18585.79 |
| Tonnes Municipal Waste Landfilled | 7765.08 | 2694.03 | | | 10459.11 |
| % Municipal Waste Landfilled | 55.96% | 57.20% | | | 56.27% |

Table 4

(LAA target: 58.2%)

Bracknell Forest Borough Council Actual Council deliveries compared to the Waste Flow Model

Figure 1



Reading Borough Council Performance

In April 2008, the waste related Best Value Performance Indicators were replaced with National Indicators 191, 192 and 193, meaning that Council performance is measured slightly differently.

NI 192 is broadly the same as BVPIs 82a and 82b, and through this comparison it is clear that RBC's recycling, reuse & composting rate has increased from 34% in 2007/08 to 38% in the year to date. However, this rate could fall later in the year as RBC's green waste collection tonnage decreases significantly during the winter months. (See Tables 5 & 7)

RBC is well within its LAA target for NI 193, with 58.7% of municipal waste being landfilled in the year to date, its target being 67.6%. (See Table 8)

The cost of the PFI is largely based on the tonnes of waste processed through the contract facilities. The Waste Flow Model forms the 25 year forecast of assumed tonnages throughout the life of the contract.

A comparison of the Waste Flow Model with the actual tonnes processed from April 2007 to July 2008 shows that RBC is delivering more recycling, slightly more residual waste, and less green waste than was originally modelled. (See Figure 2). Since the contract was signed, it has been acknowledged that there must have been an error with the modelling of RBC green waste, as RBC green waste deliveries are modelled around double that of BFBC and WBC.

2007/08 Best Value Performance Indicator Summary - RBC

| | | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL | 2007-08 TARGET |
|-----|--|----------|----------|----------|----------|----------|-------------------|
| 82a | Tonnes Recycled | 4515.19 | 4515.73 | 4430.00 | 4725.14 | 18186.05 | 22.00% |
| | % Recycled | 24.94% | 24.75% | 27.14% | 28.73% | 26.31% | |
| 82b | Tonnes Composted | 1722.66 | 1768.13 | 1174.77 | 657.35 | 5322.90 | 5.00% |
| | % Composted | 9.51% | 9.69% | 7.20% | 4.00% | 7.70% | |
| 82c | Tonnes Energy from Waste | 565.24 | 522.31 | 425.67 | 454.09 | 1967.31 | |
| | % Energy from Waste | 3.12% | 2.86% | 2.61% | 2.76% | 2.85% | |
| 82d | Tonnes Landfilled | 11303.74 | 11438.93 | 10294.88 | 10612.63 | 43650.18 | 73.00% |
| | % Landfilled | 62.43% | 62.70% | 63.06% | 64.52% | 63.15% | |
| | Total Tonnes Household Waste Collected | 18106.82 | 18245.09 | 16325.33 | 16449.21 | 69126.44 | |

Table 5

2008/09 National Indicator Summary - RBC

(April-July 2008)

NI 191: Residual Waste per Household

| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|-------------------------------------|----------|----------|-------|-------|--------------|
| Total Household Tonnes | 19273.38 | 6078.765 | 0 | 0 | 25352.14 |
| Reused, Recycled & Composted Tonnes | 7257.16 | 2403.03 | | | 9660.19 |
| Residual Tonnes | 12016.22 | 3675.74 | | | 15691.95 |
| Residual Waste Per Household (kg) | 186.38 | 57.01 | | | 243.40 |

Table 6

NI 192: Percentage of Household Waste for Reuse, Recycling & Composting

| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|--------------------------------------|----------|---------|-------|-------|--------------|
| Reuse, Recycling & Composting Tonnes | 7257.16 | 2403.03 | | | 9660.19 |
| Total Household Tonnes | 19273.38 | 6078.76 | | | 25352.14 |
| % Reuse, Recycling & Composting | 37.65% | 39.53% | | | 38.10% |

Table 7

NI 193: Percentage of Municipal Waste Landfilled

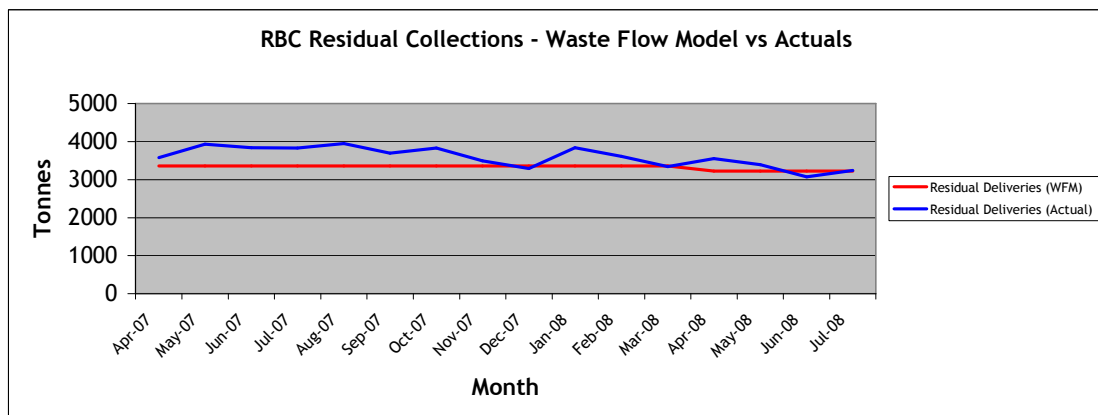
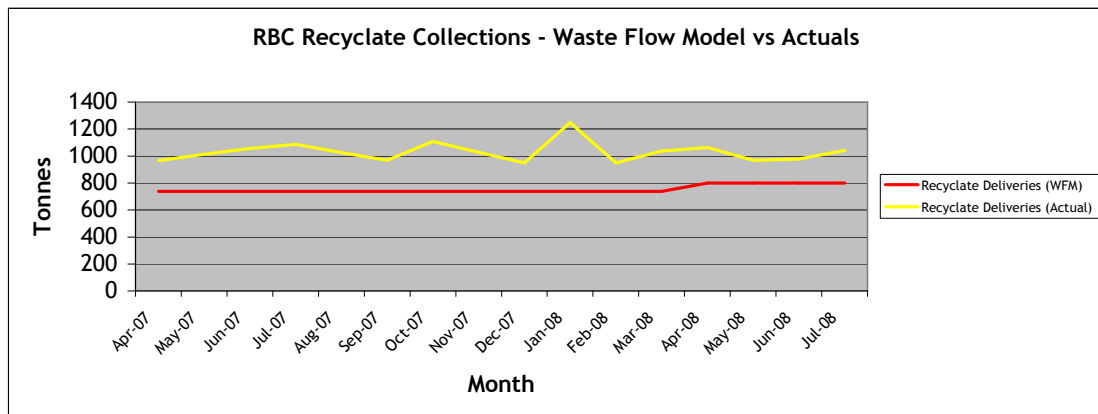
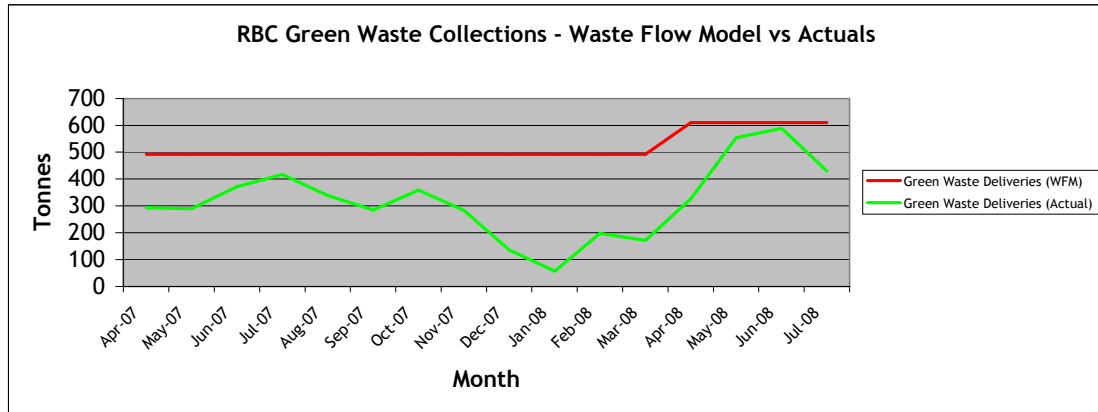
| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|-----------------------------------|----------|----------|-------|-------|--------------|
| Total Municipal Waste | 21816.68 | 6992.224 | 0 | 0 | 28808.90 |
| Tonnes Municipal Waste Landfilled | 12852.09 | 4043.68 | | | 16895.77 |
| % Municipal Waste Landfilled | 58.91% | 57.83% | | | 58.65% |

Table 8

(LAA Target: 67.6%)

Reading Borough Council Actual Council deliveries compared to the Waste Flow Model

Figure 2



Wokingham Borough Council Performance

In April 2008, the waste related Best Value Performance Indicators were replaced with National Indicators 191, 192 and 193, meaning that Council performance is measured slightly differently.

NI 192 is broadly the same as BVPIs 82a and 82b, and through this comparison it is clear that WBC's recycling, reuse & composting rate has increased very slightly from 37% in 2007/08 to 37.6% in the year to date. (See Tables 9 & 11)

WBC is on course to meet its LAA target for NI 193, with 59% of municipal waste being landfilled in the year to date, exactly matching its target. (See Table 12)

The cost of the PFI is largely based on the tonnes of waste processed through the contract facilities. The Waste Flow Model forms the 25 year forecast of assumed tonnages throughout the life of the contract.

A comparison of the Waste Flow Model with the actual tonnes processed from April 2007 to July 2008 shows that WBC is delivering less recycling and more residual waste, but significantly more green waste than was originally modelled. (See Figure 3)

2007/08 Best Value Performance Indicator Summary - WBC

| | | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL | 2007-08 TARGET |
|-----|--|----------|----------|----------|----------|----------|-------------------|
| 82a | Tonnes Recycled | 4305.56 | 4130.68 | 4089.41 | 4235.81 | 16761.47 | 21% |
| | % Recycled | 21.54% | 21.44% | 23.68% | 24.36% | 22.68% | |
| 82b | Tonnes Composted | 3225.77 | 3147.90 | 2510.29 | 1769.58 | 10653.54 | 16% |
| | % Composted | 16.14% | 16.34% | 14.54% | 10.17% | 14.41% | |
| 82c | Tonnes Energy from Waste | 172.66 | 142.14 | 80.77 | 89.95 | 485.52 | |
| | % Energy from Waste | 0.86% | 0.74% | 0.47% | 0.52% | 0.66% | |
| 82d | Tonnes Landfilled | 12281.77 | 11842.96 | 10589.54 | 11296.16 | 46010.44 | 63% |
| | % Landfilled | 61.45% | 61.48% | 61.32% | 64.95% | 62.25% | |
| | Total Tonnes Household Waste Collected | 19985.76 | 19263.69 | 17270.01 | 17391.50 | 73910.96 | |

Table 9

2008/09 National Indicator Summary - WBC

(April-July 2008)

NI 191: Residual Waste per Household

| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|-------------------------------------|----------|---------|-------|-------|--------------|
| Total Household Tonnes | 19549.56 | 6284.27 | | | |
| Reused, Recycled & Composted Tonnes | 7269.89 | 2438.06 | | | |
| Residual Tonnes | 12279.66 | 3846.21 | | | |
| Residual Waste Per Household (kg) | 200.18 | 62.70 | | | |

Table 10

NI 192: Percentage of Household Waste for Reuse, Recycling & Composting

| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|--------------------------------------|----------|---------|-------|-------|--------------|
| Reuse, Recycling & Composting Tonnes | 7269.89 | 2438.06 | | | 9707.96 |
| Total Household Tonnes | 19549.56 | 6284.27 | | | 25833.83 |
| % Reuse, Recycling & Composting | 37.19% | 38.80% | | | 37.58% |

Table 11

NI 193: Percentage of Municipal Waste Landfilled

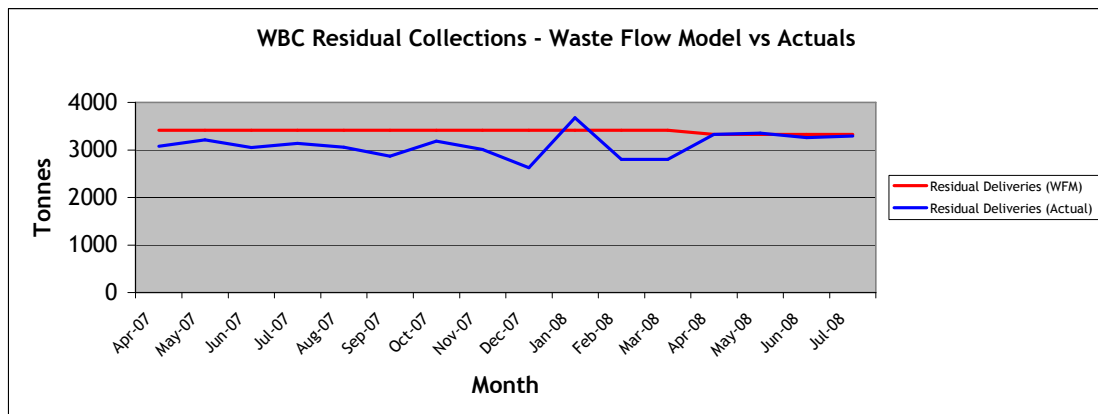
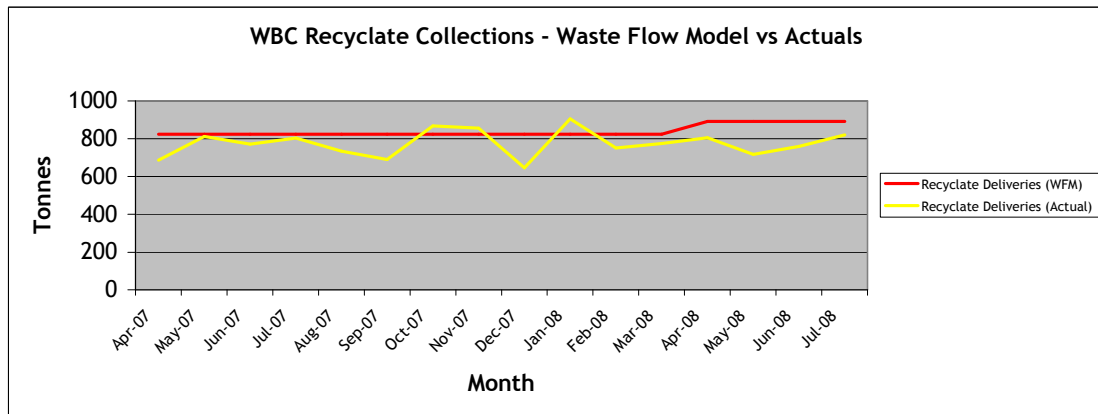
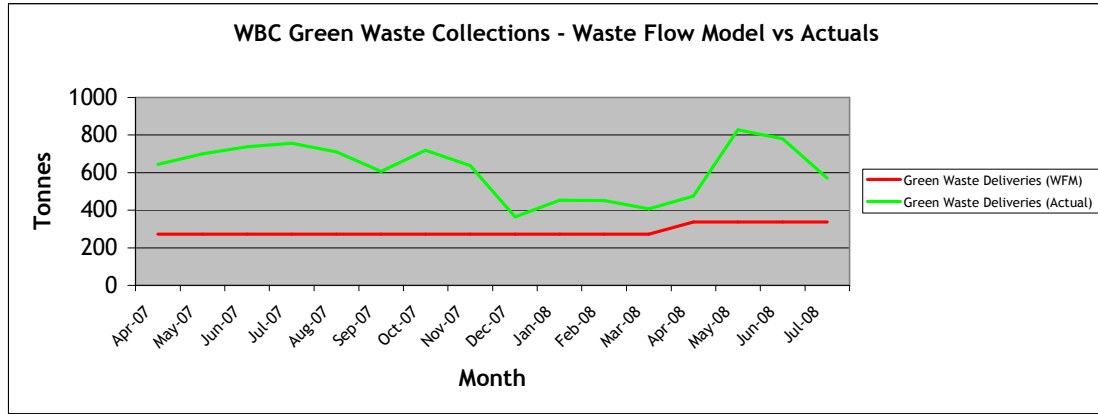
| | QTR 1 | QTR 2 | QTR 3 | QTR 4 | ANNUAL TOTAL |
|-----------------------------------|----------|----------|-------|-------|--------------|
| Total Municipal Waste | 20390.79 | 6558.226 | 0 | 0 | 26949.01 |
| Tonnes Municipal Waste Landfilled | 12107.52 | 3798.59 | | | 15906.12 |
| % Municipal Waste Landfilled | 59.38% | 57.92% | | | 59.02% |

Table 12

(LAA Target: 59%)

Wokingham Borough Council Actual Council deliveries compared to the Waste Flow Model

Figure 3



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re3 Project Management Team - Risk Register

| Ref | Risk | Description | Risk type | ETA (where known) | Status of Risk | Probability | Impact | Mitigation/Response | Responsibility for Mitigation/Resp | Comments |
|-----|--|--|---------------------|-------------------|----------------|-------------|--------|---|--|--|
| 1 | Retention of knowledge of contract | The councils will be at a distinct disadvantage if they do not retain a sufficient knowledge base relating to the contract. The risk arises from the high dependency upon a few members of staff. | Contract Management | | Live | low | high | Build knowledge base where it does not already exist - there is a broad understanding of the purpose of the contract within waste staff. Promote retention of existing staff. Accurately record mtgs, revisions of contract, Joint Working Agreement etc. Production of the Quick Guide to the contracts (Eversheds) | re3 Mgmt Tm | Our ability to drive the contract as we wish is founded on our ability to make the contractor deliver the contract. Without the retention of an understanding of the contract this will be more difficult. |
| 2 | Failure of the re3 project management team | The effectiveness of the team depends upon the effective joint working of the officers. | | | Live | low | high | Temporary solutions in (i) CA taking notes of meetings with WRG Board Rep and (ii) KC taking notes of re3 Project Management Team meetings. Development of a Joint Waste Authority would help - avoiding both duplication and friction from competing concerns. | re3 Mgmt Tm | |
| 3 | Retention of Contractors Staff | Particularly in areas such as construction, customer care, operations and finance there are clear risks to the level of service the councils (and residents) should expect if the contractor is unable to retain quality staff | Contract Management | | Live | high | medium | The councils are encouraging approaches to partnering - to make the organisations work together, i.e. less reliance on the individuals employed at any one time. Raise issue of adequate cover with the contractor. | re3 Mgmt Tm | Contract staff who've left WRG so far: Freya Webb, Neil Tyler, Alan Evans, Laura Smith, John Christiansen is on long term sick leave. |
| 4 | LEW: Late Commissioning | We've been informed that Commissioning will be delayed by 26 weeks from the start of April 08. There are clear cost implications and contractual issues arising from the delay - not least the claim for compensation and excusing cause by WRG. | Facility | Sep-08 | Live | high | medium | Investigate the claims made by WRG and assess the value of a legal challenge. Assess elements of claim that are weak/unreasonable or which seek to make unnecessary and permanent changes to Waste Flow Model or contract docs. Legal support? Negotiate with Contractor. | re3 Mgmt Tm | Negotiations underway with contractor over claim. |
| 5 | LEW: Commissioning period not completed by 1st July 2009 | If Commissioning is delayed to the point where it is not completed by 1st July 2009 then the Lakeside Waste Processing Agreement can only be retained by mutual agreement of Lakeside and re3 Ltd. That's a negotiation the councils would have a keen interest, but possibly no role, in. | Facility | Jun-09 | Live | medium | high | Councils opened dialogue with both WRG and Grundons. Legal advice being taken. 'Other means' of supporting our position - visit to Lakeside Members/Officers arranged by Paul Bettison. Budget position investigated (CA/OB/DF) presented to re3 Mgmt Team 16/07/08. S/OB attended meeting with Lakeside General Manager (9/9/08) at which offer to extend the Longstop Date by 6 mths was made - no confirmation that it's & c's constant but no suggestion to contrary. | re3 Mgmt Tm | The LWPA does not specify the length of commissioning. AW meeting with Banks (16/07/08) to discuss Relief/Excusing Cause claim. Grundons have released a statement which confirms that they will not have commenced Commissioning until after the Longstop Date. Councils, via Paul Bettison, have arranged a visit to Lakeside for Board Members. |
| 6 | Longshot Lane: Construction delay | Delay in construction at Longshot Lane is a possibility. Construction is due to be complete in Jun 2009. | Facility | | Jun-09 | Live | medium | Councils already have suggested contingency arrangements. These should be reviewed, costed and amended at re3 Mgmt Tm mtgs. Budget for extension of reduced hours operations at Longshot Lane post-June 2009 | re3 Mgmt Tm, JWDB, waste officers and Councils | The step up in payment upon completion of Longshot Lane is around £35k per month. The costs for evening opening during the construction period is £4800 per month. |
| 7 | Longshot Lane: | Problems with provision of HWRC during construction | Facility | | Live | low | medium | Councils have discussed additional steps that could be taken in the face of difficulties at LL | | Everything seems to be working well at the moment. |
| 8 | Smallmead Phase 2 | Delay in construction at Smallmead is a possibility. Construction is due to be complete during 2008 | Facility | | Dec-08 | Live | medium | Monitor length of likely delay... | | The step up in payment upon completion of the Smallmead MRF is around £43k per month. |
| 9 | Planners Farm | Failure to deliver the contracted tonnage - 8000 | Facility | | Mar-09 | Live | low | Councils need more green waste...promotion of collections, special offers. | | |
| 10 | Planners Farm | Failure to maximise capacity of 10,000 tonnes | Facility | | Live | medium | low | This probably due to managing inputs to PF (recorders). BFBC can give OK to Shorts to accept 3rd Party waste. | | |
| 11 | Planners Farm: neighbours/complaints | Complaints about odours emanating from Planners Farm composting facility. | Facility | | Live | medium | medium | Councils project team negotiating with WRG to allow 'dry' loads of gw to be delivered to Longshot Lane rather than PF. Crews to continue to monitor gw placed out for collection. Councils to inform residents about content. Monitoring. Liaison with neighbours and EA. Dialogue with Shorts. | | |
| 12 | Allocation of tonnages during construction | Failure to agree reallocation of costs | Councils | | Apr-08 | Live | low | Discussions ongoing | re3 Mgmt Tm | Agreement about allocation reached. Accountants of re3 councils to meet and discuss. |
| 13 | Allocation of tonnages - West Berkshire | West Berks do not agree to pay their share of the costs of the HWRC at Smallmead | Councils | | Jun-08 | Live | medium | Further negotiations with West Berks. Should that fail, councils would have to consider measures to prevent the access of West Berks (and others - Windsor and Maidenhead, South Oxfordshire, Hampshire) residents into re3 facilities. | re3 Mgmt Tm, JWDB, waste officers and Councils | Discussions with West Berks ongoing, meeting them to receive their decision on 16/07/08 was cancelled. Contact to be made by partnership CX's with West Berks CX. |
| 14 | LATS: Councils exceed allowance 2009/2010 | Current LATS position of all three councils is good. Virtually no trading at present so value of banked allowances is v low. However, 2009/10 is the first 'Target' year and banked LATS allowances are not permissible - councils must pass 'under their own steam' or trade to ensure compliance. In the short term, this probably hinges on whether Lakeside becomes operational to the re3 councils. | Financial | | Live | high | high | CA/OB have investigated the likely scenarios in terms of LATS, particularly in relation to LEW - both issues very closely linked. | re3 Mgmt Tm and Board | |

| | | | |
|--|--|--|--|
| <p>15 LATS: Councils exceed allowance 2012/13</p> <p>Assuming Lakeside is operational, LATS compliance is likely.</p> | <p>Financial</p> <p>prior to 2013</p> <p>medium high</p> | <p>Councils project team already preparing info for waste contracts which shows performance against contract requirements and LATS. This info should allow councils to stay on target.</p> | <p>LATS compliance is monitored quarterly via Waste Data Flow. Councils have separate allocations so will be in different LATS positions - BFBC & RBC currently hold a larger surplus than WBC.</p> |
| <p>16 LATS: Councils exceed allowance 2019/2020</p> <p>V difficult to predict with accuracy the likelihood of LATS compliance. To achieve LATS compliance, councils are likely to need additional technology to supplement energy from waste and the improvements they will make to their own collection systems.</p> | <p>Financial</p> <p>prior to 2020</p> <p>high</p> | <p>Councils project team to maintain a view of local and regional markets and to stay abreast of technological developments.</p> | <p>New technology deliverable through contract under council change mechanisms.</p> |
| <p>17 LATS: Joint Working Agreement</p> <p>Current share of LATS in JWA has the potential for inequity. The current agreement sees share of total LATS surplus or deficit proportionate to total contract waste (cat A) inputs.</p> | <p>Financial</p> <p>Live</p> <p>medium high</p> | <p>Change wording of JWA to reflect a more meritocratic approach. Adopt uniform approaches to services and performance. Establish Joint Waste Authority to pool LATS allowances.</p> | <p>re3 Mgmt Tm, waste officers and Report on Joint Waste Authorities to JWDB on 25.06.08.</p> |
| <p>18 JWDB failure</p> <p>The Board is comprised of Members from 3 different councils with differing political needs and priorities</p> | <p>Political</p> <p>high</p> | <p>Annual review of agreement enables partnership to review and ensure principles of equity maintained</p> | <p>re3 Mgmt Tm</p> |
| <p>19 WRG Board</p> <p>The councils are at risk if they do not develop and maintain a relationship with the WRG Board. It is important that the relationship is one of equals. In practice, no relationship currently exists.</p> | <p>Contract Management</p> <p>Live</p> <p>high</p> | <p>Previous suggestions have included...360 degree feedback, 6 monthly letters from JWDB to WRG Board, an annual meeting.</p> | <p>Principle of a link, between the respective Boards, agreed with WRG at JWDB mtg on 25.06.08.</p> |
| <p>20 Legal Support</p> <p>The councils need to retain an appropriate level of legal support. There are two main elements to that requirement: (i) support in managing the PFI contract and contractor (ii) support in managing the councils own Joint Working Agreement.</p> | <p>Contract Management</p> <p>Live</p> <p>medium high</p> | <p>Agreement is likely to be provided in-house.</p> | <p>JWDB</p> |
| <p>21 Financial Support</p> <p>Councils fail to budget adequately to cover annual cost of waste processing (including Management Costs). Budget pressures at individual councils are a fact of life. However the councils have a responsibility (3.2.9 of JWA) to ensure they take all reasonable steps to assist the Admin Authority, including making payments of their 'respective share of the Unitary Charge'.</p> | <p>Financial</p> <p>Live</p> <p>low</p> | <p>Good relationships exist between the councils project team and the respective accountants. Those links should be supported and maintained to the benefit of both parties. Adequate high level support given to the re3 budget during budget setting. Effective information to, and engagement with, Members during the budget setting period and regular reporting of budget position to the Board.</p> | <p>re3 Mgmt Tm</p> <p>The financial model sets out the expected costs throughout the life of the contract. A 5 year budget projection has been circulated to accountants at each Council - to be updated annually.</p> |
| <p>22 Performance Failure (councils)</p> <p>The councils are required to achieve certain performance levels within the contract. The contractor does not accept risk for performance failure due to inadequate delivery of material. The WFM profile changes over time (e.g. green waste jumps in 2009)</p> | <p>Councils</p> <p>Apr-09 Live</p> <p>medium high</p> | <p>Councils to review performance information and modelling from councils project team and make performance changes/improvements as appropriate. Report on Joint Waste Authorities to JWDB on 18.06.08. Draft protocols for council groups. Councils project team working with waste officers and accountants.</p> | <p>re3 Mgmt Team, councils project team and waste officers</p> |
| <p>23 Performance Failure (contractor) (1)</p> <p>The contractor is responsible for performance at HWRC's. The recycling rate at Smallmead HWRC has fallen slightly in the time since the new facility opened.</p> | <p>Contract Management</p> <p>Live</p> <p>medium high</p> | <p>Councils to ensure that pressure applied to Contractor in terms of management of the facility from performance to cleanliness and anything which may impact on the recycling rate. The 'retail' facility which has been promised by the contractor would help to improve performance at the HWRC.</p> | <p>re3 Mgmt Team, councils project team and waste officers</p> |
| <p>24 Performance Failure (contractor) (2)</p> <p>The contractor is responsible for performance at bring banks. In July 08 the contractor affixed new stickers to paper banks banning the collection of yellow Pages. Previously these have been collected and are permitted within MDR within the Waste Acceptance Protocols in the contract. Contractor (TC/AV) appeared at a meeting on 14/07/08 to be unsure whether the MRF would be able to sort YPs.</p> | <p>Contract Management</p> <p>Live</p> <p>medium low</p> | <p>Councils to ensure that pressure applied to Contractor in terms of management of the bring banks and MRF facility. Contractor must manage this situation to ensure that it can deliver the contract - not simply make a decision in its own interests which passes previously transferred risk back to the councils. Could this issue be a bargaining chip to assist with another issue e.g. Teirapaks???</p> | <p>re3 Mgmt Team, councils project team and waste officers</p> |
| <p>25 Performance Failure (councils) (2)</p> <p>not really an emerging issue although with the opening of our own MRF an emerging risk area. Contamination of council MDR affects both performance and cost. Whilst contamination is relatively low at present, it is quite important that all contributors (crews, staff, PR) work to reduce it's implications. Contractor entitled to levy additional charge and/or Excusing Cause at increased levels of contamination.</p> | <p>Councils</p> <p>Sep-08 Live</p> <p>High medium</p> | <p>Councils work to educate and enforce against rising contamination.</p> | <p>Briefing note sent to council teams describing nature of contractual risks and offer of assistance (10/9/08)</p> |

re3 Project Mgmt Tm councils project team waste officers Councils

Steve Loudoun, Mark Moon (PD), Kevin Holyer, Oliver Burt, Clare Ayling

Oliver Burt, Clare Ayling

Janet Dowhman, Pete Thompson, Pete Bayveystock

Bracknell Forest, Reading, Wokingham Borough's

2008/09 Waste PFI Outturn Projection - Current Allocations with Weighted Average

| | Actual Spend 2008/09 |
|---|--------------------------|
| Apr-08 | 1,468,603 |
| May-08 | 1,642,001 |
| Jun-08 | 1,573,579 |
| Jul-08 | <u>1,559,282</u> |
| YTD TOTAL | <u>6,243,464</u> |
| Full Year Pro Rata | 17,838,470 |
| Qtr1 Performance Deductions | -10,080 |
| Additional Rates (1) | 330,000 |
| MRF Step Up Costs (2) | 123,000 |
| MRF Haulage (3) | 75,000 |
| Additional Costs for displaced EfW tonnes (4) | 381,150 |
| 2008/09 PROJECTED OUTTURN | <u>18,737,540</u> |
| 2008/09 Budget | 19,102,414 |
| Over/Underspend | -364,874 |

(1) Additional Rates - Forthcoming increase due to new facilities opening

(2) MRF Step Up Costs - Increment in the baseline payments due to completion of the MRF

(3) MRF Haulage - Fee applied to recyclables delivered to Longshot Lane by the Councils, then hauled to the MRF

(4) Additional Costs for displaced EfW tonnes - per WRG's compensation claim, currently being reviewed

Waste PFI Management Budget 2008/09

| | Actual Spend 2008/09 |
|--------------------------|-------------------------|
| Apr-Sept 2008 | £ 90,000 |
| Full Year Projected Cost | £ 247,200 |
| 2008/09 Budget | £ 217,200 |
| Variance | £ 30,000 |

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**TO: JOINT WASTE DISPOSAL BOARD
30 SEPTEMBER 2008**

**JOINT WORKING AGREEMENT
(Report by the Project Director)**

1. INTRODUCTION

- 1.1 The purpose of this report is to inform the Joint Waste Disposal Board of proposed changes to the Joint Working Agreement between Bracknell Forest Borough Council, Reading Borough Council and Wokingham Borough Council.

2. RECOMMENDATIONS

- 2.1 That Members note and approve the minor amendments proposed to the Joint Working Agreement.
- 2.2 That Members approve, subject to review by BFBC legal advisors, the first significant change described at Appendix 1 of this report
- 2.3 That Members approve, subject to review by BFBC legal advisors, the second significant change described at Appendix 1 of this report
- 2.4 That Members approve, subject to review by BFBC legal advisors, the third significant change described at Appendix 1 of this report
- 2.5 That Members approve, subject to review by BFBC legal advisors, the fourth significant change described at Appendix 1 of this report

3. SUPPORTING INFORMATION

Background

- 3.1 The Joint Working Agreement defines the terms under which the 3 councils agree to work together and interact in relation to the principal contract of their joint waste PFI.
- 3.2 The Joint Working Agreement commenced on the same date as the Principal Contract (4 December 06) and is intended to remain until the point at which the last obligation of the Principal Contract has been complied with.
- 3.3 The Joint Working Agreement has been in place for nearly two years and the AGM of the JWDB is the appropriate meeting to conclude a review.
- 3.4 As with many similar documents, it is very difficult to draft something which must go straight into use with no live testing. The fact that so few significant changes are now proposed is a measure of how successfully the document was originally drafted.
- 3.5 There are 4 significant changes to the Joint Working Agreement proposed here. The purpose of these changes is to update, correct or add to the scope of the Agreement.
- 3.6 It is intended that, subject to the approval by Members, the proposed changes are then passed to the Legal Services Team at Bracknell Forest Borough Council. In this way the intent of the changes can be approved by Members but the exact wording agreed by our in-house Legal advisors.

Proposed Changes

- 3.7 There are a number of minor changes to grammar and spelling.
- 3.8 There are also a small number of changes to the Agreement to remove one-off time specific events (e.g. at the commencement of the Principal Contract). Neither these changes, nor those referred to at 3.4 change the nature and meaning of the Joint Working Agreement.
- 3.5 There are 4 significant changes to the nature and meaning of clauses contained in the Joint Working Agreement. They are listed below with the full, proposed wording included in the Appendix at the end of this report.
- 3.6 The four significant changes are
- (i) a change to the wording relating to the share of liabilities for Existing Contamination
 - (ii) a change to the method of apportioning LATS allowances between the councils
 - (iii) amendments to the wording relating to the apportionment of costs relating to the Household Waste Recycling Centre's
 - (iv) the addition of text relating to the apportionment of costs relating to Bring Banks.

BACKGROUND PAPERS

Joint Working Agreement (2006)

CONTACTS FOR FURTHER INFORMATION

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Re3 Joint Waste Disposal Board, September 30 2008

Appendix 1 - Proposed changes to Joint Working Agreement.

Significant Change 1

This change is intended to reflect the agreement of Reading and Wokingham to share the costs relating to West Berkshire patronage of Smallmead HWRC.

The original wording contained both a mathematical error (the percentage added up to 110) and a miscalculation of the relative liabilities. The new wording shares liability on the same basis as the 'old' share of costs and performance between Reading and Wokingham.

It is important to note that this issue relates to Existing Contamination (contamination which is proved to be present on site at contract commencement) so the 'old' percentages are applicable - rather than the more recently identified percentages which resulted from the November 2007 patronage survey.

It is most unlikely that any claim for Existing Contamination will be forthcoming now but the provision should be retained. While it is retained it should be equitable.

Proposed Text

15. ENVIRONMENTAL PROVISIONS IN RESPECT OF FREEHOLD SITES

15.1 In the event that the Parties are required pursuant to Schedule 34 Paragraph 1.1.1 of the Principal Contract to indemnify the Contractor against Environmental Liabilities arising from or in connection with Council Contamination Existing Contamination and Council Off Site Contamination (jointly referred to in this clause as "Contamination") then:-

15.1.1 where the indemnity arises from Contamination at the Longshot Lane facility the costs will be split in the ratio 41% Wokingham District Council, 59% Bracknell Forest Borough Council; or

15.1.2 where the indemnity arises from Contamination at the Smallmead facility the costs will be split in the ratio 39.5% Wokingham District Council, 60.5% Reading Borough Council

Significant Change 2

The purpose of this change is to correct an imbalance inherent in the original text. Under the original wording an authority may have a LATS deficit and have it wiped-out, at no cost, by a partner authority. Moreover, the original methodology for the apportionment of LATS could result in the 'deficit' authority being re-allocated a greater number of LATS allowances than the sum of its deficit, enabling it to profit (through trading) despite its original failing.

The new text establishes a more meritocratic arrangement but with an important partnership element. The LATS surplus or deficit is retained by each Party. However, any authority with a LATS allowance deficit will have first call, up to the limit of their deficit, to trade with one or more of the other parties.

In this way all parties continue to be encouraged to strive for landfill diversion but none are left to the vagaries of the market in the event that they find themselves with a deficit.

Proposed Text

PART 3: Apportionment of LATS Allowances as a Consequence of the Principal Contract

21. APPORTIONMENT OF LATS ALLOWANCES

A surplus or deficit in LATS Allowances may arise as a result of the Principal Contract. LATS Allowances are not a cash asset, but are an asset which may result in a cash flow to the Parties, and as such should be allocated between Parties in accordance with this Part 3 (Financial Allocation Mechanism).

Where each Party sends a tonnage of BMW to landfill which differs from their LATS Allowance a net LATS Allowance will

result. Each Party shall retain its own LATS surplus or deficit.

Any Party or Parties retaining a LATS Allowance deficit will have a first refusal to purchase, on terms to be mutually agreed, the surplus LATS Allowance of the other Party or Parties up to the limit of their deficit.

Significant Change 3

There are a number of changes in this section of Annex A of Schedule 1 of the Joint Working Agreement.

The first change at A2 is simply to correct a mistaken understanding of the construction timetable. Originally the text referred to the completion of the Smallmead facility as the point at which the interim arrangement would cease. The intention was for the interim arrangement to remain until Full Service Commencement which would, until the construction timetable was re-ordered during negotiations, have coincided with the completion at Smallmead.

The changes at A3 are intended to reflect what we now understand to be the requirement and timing of the patronage surveys. The new wording also enables the re3 Project Manager to commission the patronage surveys rather than needing to bring the selection process to the Joint Waste Disposal Board.

The change at A4 is intended to clarify the term over which the results of each successive patronage survey will apply. The survey will occur during year -1 and the results of that survey will apply from the beginning of the very next Contract Year (April) for two years. During the second of these years a new survey will commence and the cycle thus repeats.

The change at A7 is simply to mirror the sharing of costs relating to Smallmead between Reading BC and Wokingham BC as previously referred to. In the event that West Berkshire residents were barred from using Smallmead A7 could be deleted.

Proposed Text

A Allocation of Tonnages at Civic Amenity Sites

- A1 The following mechanisms will be used by the Parties for calculating the allocation of tonnages of Contract Waste Category A received at Civic Amenity Sites.
- A2 From the date of signature of this Agreement until **Full Service Commencement** Civic Amenity site related payments will be split on the basis of the proportions of Contract Waste Category A tonnages at the Civic Amenity Sites which are allocated to each of the Parties during the financial year prior to the date of this Agreement.
- A3 **Immediately following Full Service** Commencement an Independent Survey will be undertaken by the Parties to establish the levels of use of the Civic Amenity Sites by people living in each Party's [Parties] administrative area. The scope and methodology for this survey and the identity of the person who will carry out the survey will be agreed by the **re3 Project Manager**. The Independent Survey will be completed over three **1-week** periods in January/February June and October. Subject to Clause A7 the levels of use established by the Independent Survey shall be used to set the proportion of the payments to be made by each party.
- A4 **The survey detailed in sub-clause A3 shall be repeated biennially thereafter and the results of the same shall**
- (i) apply from the beginning of the next Contract year for a period of two years**
 - (ii) be used to establish how payments shall be apportioned between the parties until the next survey results are applied.**
- A5 Payments shall be apportioned between the Parties on the basis of the results of the survey undertaken in accordance with clauses A3 and A4 in the next following Contract Year of the term of the Principal Contract.
- A6 For the avoidance of doubt , with the exception of Contract Waste arising from West Berkshire BC at Smallmead Civic Amenity site, all

Civic Amenity site Payments arising from Contract Waste delivered to the Civic Amenity Site by members of the public outside the administrative areas of the Parties shall be apportioned equally between the Parties.

- A7 For the purposes of the allocation of tonnages of household waste received at Smallmead Civic Amenity site, 50 % of Contract Waste arising from West Berkshire BC shall be deemed to arise at Reading BC and 50% of Contract Waste arising from West Berkshire BC shall be deemed to arise at Wokingham BC.

Significant Change 4

This change addresses a development which was not known about at the time the original Joint Working Agreement was drafted.

The Principal Contract includes a Schedule of Additional Rates which covers costs the Contractor may levy against infrequent requests for additional works. One item on the Schedule is the establishment of new Bring Banks Sites. The costs for items on the Schedule of Additional Rates are included in the Unitary Charge at xxxxx

To ensure that the councils only pay for the new Bring Bank Sites that they have requested, B7 has been added.

Proposed Text

B Allocation of Tonnages at Bring Sites

- B7 For the avoidance of doubt Bring Site Payments arising from new Sites established at the request of one of the Parties via the Schedule of Additional Rates in the Principal Contract shall thereafter be apportioned to the requesting Party.

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