

Committee PROSIECT GWYRDD JOINT COMMITTEE

Meeting Number: **02-2023**

Date and Time TUESDAY, 21 NOVEMBER 2023, 11.00 AM

Venue REMOTE MEETING - TEAMS

Membership Councillor Caro Wild, Cardiff (Chair)
 Councillor Chris Weaver, Cardiff
 Councillor Jamie Pritchard, Caerphilly
 Councillor Chris Morgan, Caerphilly
 Councillor Rachel Garrick, Monmouthshire
 Councillor Catrin Maby, Monmouthshire
 Councillor Yvonne Forsey, Newport
 Councillor Laura Lacey, Newport
 Councillor Mark Wilson, Vale of Glamorgan
 Councillor Ruba Sivagnanam, Vale of Glamorgan

AGENDA

No	Item
1	<p>Apologies for Absence</p> <p>To receive apologies for absence.</p>
2	<p>Declarations of Interest</p> <p>To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.</p>
3	<p>Minutes (<i>Pages 3 - 6</i>)</p> <p>To approve as a correct record the minutes of the previous meeting. (22/05/2023)</p>
4	<p>Matters Arising</p>
5	<p>Cardiff Heat Network Update (<i>Pages 7 - 12</i>)</p>
6	<p>Update Report (<i>Pages 13 - 16</i>)</p>

No	Item
7	2023/24 Month 6 Monitoring Position and Projected Outturn 2024/25 Budget <i>(Pages 17 - 22)</i>
8	Date of next meeting 21st May 2024

Partnership of Councils



Supporting partner



PROSIECT GWYRDD JOINT COMMITTEE MEETING

22 May 2023, 11.00 am

LOCATION: Remote Meeting**Present:****Elected Members:****Councillor Caro Wild, Cardiff (Chair)****Councillor Chris Weaver, Cardiff****Councillor Chris Morgan, Caerphilly****Councillor Catrin Maby, Monmouthshire****Councillor Yvonne Forsey, Newport****Councillor Laura Lacey, Newport****Councillor Mark Wilson, Vale of Glamorgan****Officers:****Andrea Redmond****Andrew Williamson****Sian Humphries****Colin Smith****Julie Baker****Matt Wakelam****Gary Watkins****Liese Mills****Lucy Patterson****Marcus Lloyd****Hayley Jones****Carl Touhig**

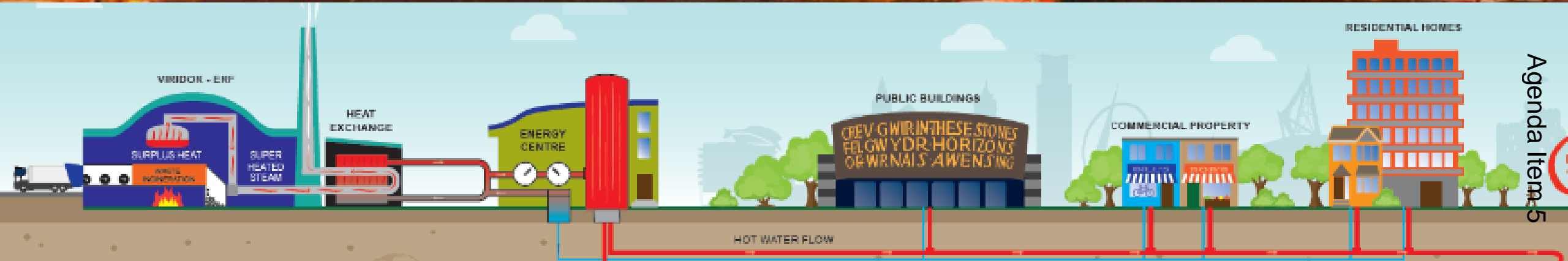
No	Item	Action
No	Item	
8	Apologies for Absence Apologies were received from Cllr Pritchard and Marc Falconer.	
9	Declarations of Interest None received.	
10	Minutes The minutes of the meeting held on 6 December 2022 were agreed as a correct record.	
11	Matters Arising All matters arising considered within agenda items.	
12	<p>Update Report Officers provided Members with a comprehensive outline of the information contained in the Update Report and the Chairperson invited questions and comments.</p> <p>Members asked whether tonnage per person could be provided as a statistic as they considered this would be interesting to know. Officers advised that respective local authorities should have this data, but they would get his information and circulate to Members. Officers stressed that Members needed to bear in mind that some trade also use the contract too so this will impact some figures.</p> <p>Members asked what happens to the waste not included here but is not good enough to be recycled. Officers explained that the figures relate to what has been presented to Prosiect Gwyrdd, each LA reports whole tonnage and what happens to Welsh Government and each LA's respective officers should have access to this information.</p> <p>Members referred to the 473 tonnes of air pollution residue and asked if this was an ongoing situation. Officers explained the reasons as being that there is very limited technology for recycling this type of material currently, Avonmouth deals with quite a large area, and the density and blending of the materials. Hopefully technology will improve going forward. Members asked if help has been sought from Welsh Government as this would help Wales meet its recycling target. Officers agreed to find out.</p> <p>Members considered it would be useful to have a compositional report, with an analysis of sources, times of year, what material etc. brought to a future meeting.</p> <p>Members requested an update on the Cardiff Heat Network and considered this would be useful to have at regular intervals.</p> <p>Members referred to the numbers of visits to Viridor and asked if they are consistent or whether any big changes have been seen. Officers explained that there was a drop in numbers due to Covid and 'visits' moved online; now both virtual and in person visits were happening. The visitor centre is promoted in schools.</p>	

No	Item	Action
	RESOLVED: To note the content of the report.	
13	<p>2022/23 Outturn and Annual Financial Return</p> <p>Officers provided Members with a comprehensive outline of the information provided in the 2022/23 Outturn and Annual Financial Return report and the Chairperson invited questions and comments, of which there were none.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> <li data-bbox="405 636 1460 707">I. To note the outturn position for the financial year ended 31st March 2023. <li data-bbox="405 815 1460 920">II. To approve the Annual Return and authorises the Chair to sign the Annual Return on behalf of the Joint Committee, and its subsequent submission to Audit Wales to commence the 2022/23 audit. 	
14	<p>Date of next meeting - TBC</p> <p>Officers advised that a meeting would be required at the end of November or beginning of December, this would be arranged in the coming weeks.</p>	

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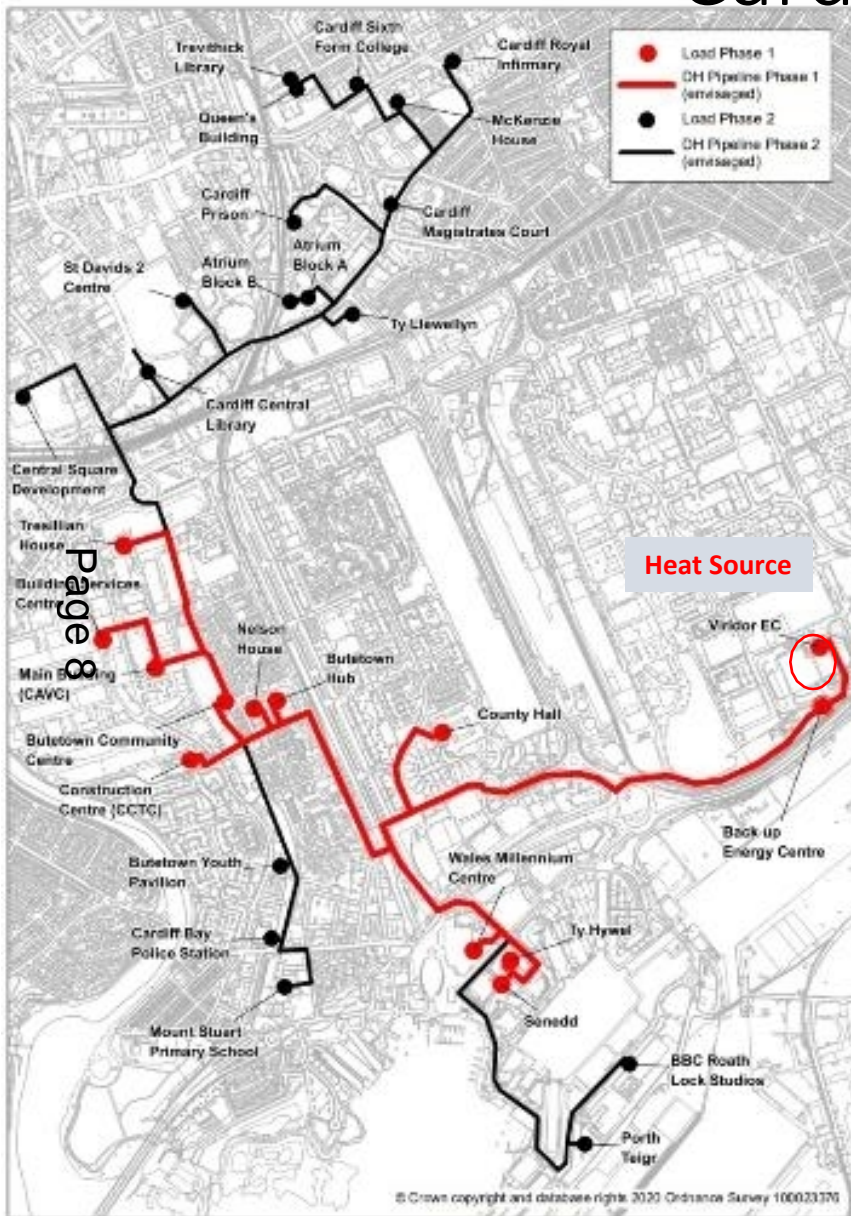
Cardiff Heat Network Ltd

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Agenda Item 5

Cardiff Heat Network: Phase 1



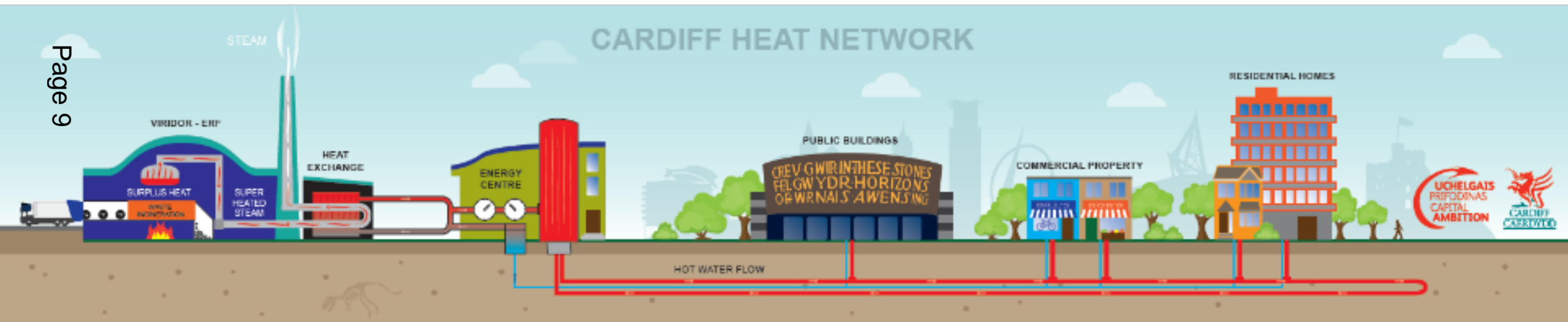
- Phase 1 fully funded – Welsh Govt Loan and HNIP Grant (£15m)
- Heat Source – existing ERF (Viridor)
- 15 MW peak heat available
- Public Sector customer base to underpin early business case
- Positively received Nationally and Locally – major win for the City
- DBOM Contractor procured – HEMIKO (Pinnacle Power)
- On site - Successful rollout
 - Energy centre near completion
 - Substantial pipe infrastructure installed
 - Internal works at 2 anchor customers complete
 - Approx £8m spend to date
- Completion summer 24



Working for Cardiff, working together

Cardiff Heat Network Project Progress – Oct 23

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Gweithio dros Gaerdydd, gweithio gyda'n gilydd
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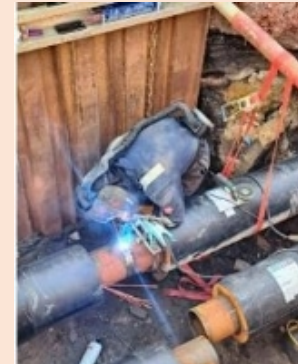
Progress on Site – Oct 23



Energy Centre Construction



Network Installations



First Customer Connections (WMC)



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Progress on Site: Senedd/Ty Hywel Connection

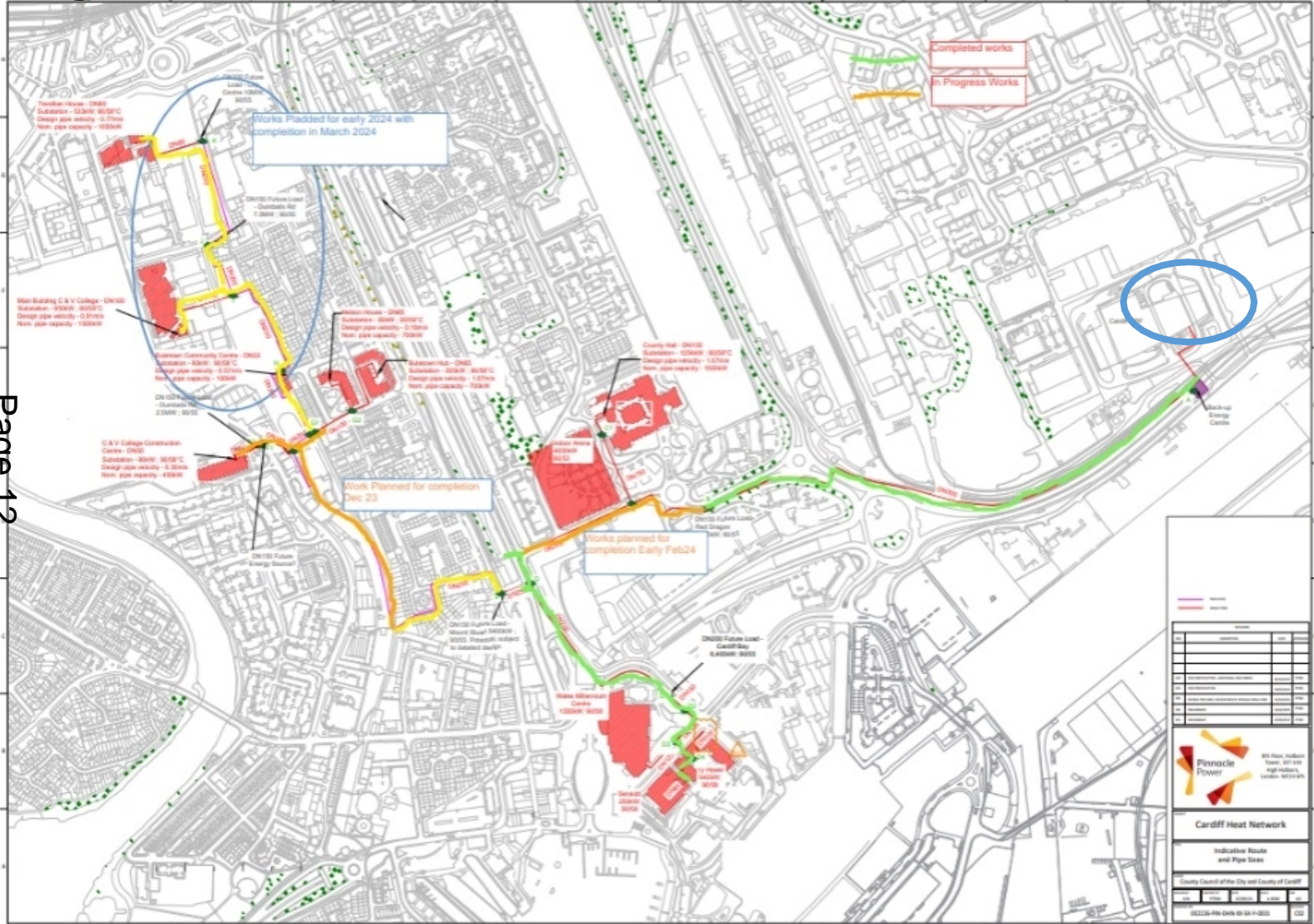


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Progress on Site – Oct 23



Viridor Works
 Potential Completion
 Delay – Autumn 24

Practical Completion – April/May2024:
 Network
 Energy Centre
 Customer Connections

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**THE BOROUGH, CITY AND COUNTY COUNCILS OF CAERPHILLY, CARDIFF,
MONMOUTHSHIRE, NEWPORT AND THE VALE OF GLAMORGAN**

PROSIECT GWYRDD JOINT COMMITTEE

**REF: 02-23
DATE: 21.11.23**

PROSIECT GWYRDD UPDATE REPORT FOR JOINT COMMITTEE

REPORT OF: SENIOR RESPONSIBLE OFFICER

AGENDA ITEM: 6

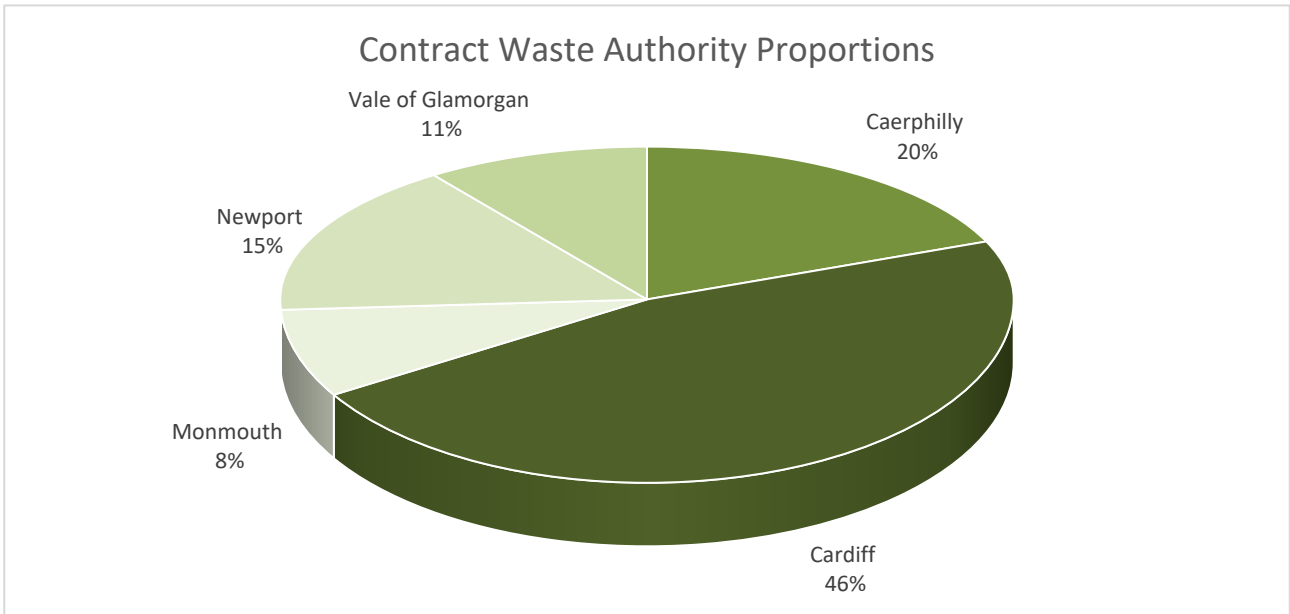
Background

1. At previous Joint Committee meetings Update Reports on the Prosiect Gwyrdd Contract have been provided. This report provides a further update in relation to this contract.

Contract Update

2. The annual maintenance outage for Trident Park was carried out during June and July 2023. During this period the facility's waste bunker was used to store the Partnerships waste, and all Contract Waste was treated at the facility. All works were completed as per the outage schedule and both lines at the facility were returned to service on 6th July 2023.
3. During April to September 2023 a total of 80,410 tonnes of residual waste was sent to the Prosiect Gwyrdd Contract compared to 82,934 tonnes for the same period in the previous year. All of the residual waste accepted into the contract being treated at Trident Park.

4. Proportion of Contract Waste Delivered April – September 2023 by Partner Authority:



5. From the waste delivered 14,204 tonnes of the Incinerator Bottom Ash was recycled, 708 tonnes of the Air Pollution Control Residue was recycled, 209 tonnes of metals was recycled.

6. In April to September 2023 Viridor achieved all of the five Key Targets:

Key Target	Target Percentage	Actual Percentage
The Contractor's Guaranteed Unprocessed Landfill Target Percentage	0.0%	0.0%
The Contractor's Guaranteed Maximum Percentage of Contract Waste to Landfill	2.1%	0.0%
The Contractor's Guaranteed IBA Recycling Target Percentage	100.0%	100.0%
The Contractor's Guaranteed BMW Diversion Target Percentage	100.0%	100.0%
the Contractor's Guaranteed Un-reprocessed IBA Target Percentage	0.0%	0.0%

7. As a requirement of revenue support from WG the facility is required to be CHP ready and to achieve and maintain R1 Status. Trident Park submitted the final stage 3 report to Natural Resources Wales with an annual figure of 0.84 which is in excess of the 0.65 requirement.

8. The Incinerator Bottom Ash is currently being recycled by Days Aggregates at their facility in Avonmouth.

9. The Air Pollution Control Residue is currently either being recycled by O.C.O. Technology Ltd at their facility in Avonmouth or landfilled by Grundon (Waste) Ltd at their Gloucestershire facility.

10. At the previous Prosiect Gwyrdd Joint Committee meeting a question was raised in regard to why a proportion of APCR is landfilled and not recycled. The Partnership has been in contact with the supplier. To confirm all APCR from Trident Park is sent to the recycling facility where they assess the suitability of the material for their process. Suitability for the recycling process is determined by the bulk density of the material, which is dependent on the mix of reagents to waste within the APCR. Unfortunately, any loads deemed not suitable for the process currently require landfilling.
11. The Partnership has explored if there are alternative options for recycling the remaining APCR which has to currently be landfilled, and as far as the Partnership is aware there is no other commercially available process to recycle this remaining waste stream. The Partnership is happy to speak to Welsh Government but are unsure what further support they will be able to provide.

Prosiect Gwyrdd Community Benefit Fund

12. During 2023/24 to date the Prosiect Gwyrdd Community Benefits Fund Panel has met twice, where a total of £45,437 has been awarded between 19 community initiatives based within the Prosiect Gwyrdd Partnership Local Authority areas. Approximately £28,473 of the budget remains.
13. Details of the funding criteria and how to apply can be found at: <https://viridor.co.uk/our-operations/energy/energy-recovery-facilities/cardiff-erf/community>

Financial Implications

14. There are no direct financial implications arising from this update report. The financial arrangements between the Partnership and Viridor will operate in accordance with the Contract and in particular the Payment Mechanism.

Legal Implications

15. There are no direct legal implications associated with this report.

Recommendations

16. To note the content of this report.

Matt Wakelam
Senior Responsible Officer, Prosiect Gwyrdd
21 November 2023

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**THE BOROUGH, CITY AND COUNTY COUNCILS OF CAERPHILLY, CARDIFF,
MONMOUTHSHIRE, NEWPORT AND THE VALE OF GLAMORGAN**

PROSIECT GWYRDD JOINT COMMITTEE

REF: 02-23

DATE: 21/11/2023

**2023/24 MONTH 6 MONITORING POSITION AND PROJECTED OUTTURN
2024/25 BUDGET**

**REPORT OF: TREASURER TO THE PROSIECT GWYRDD JOINT COMMITTEE
AGENDA ITEM: 7**

PURPOSE OF REPORT

1. To provide Joint Committee with an update of the financial monitoring position and projected outturn for the Prosiect Gwyrdd Budget based on the Month 6 position for the 2023/24 financial year.
2. For Joint Committee to consider the proposed 2024/25 Revenue Budget, including the projected balance of the Reserve Account, and to recommend these budgets to the partnering Councils for consideration as part of their budget planning frameworks for 2024/25.
3. To provide the partner Councils with early indicative estimates for the period from 2025/26 onwards.

BACKGROUND

4. The Joint Committee's budget approval process is set-out in the Joint Working Agreement 2 (JWA2). In addition, the JWA2 also provides that the budget is reviewed on a regular basis during the financial year and where appropriate, action taken to ensure sufficient resources are available to the project in order to deliver the agreed outcomes.
5. The Prosiect Gwyrdd Joint Committee approved the original 2023/24 Budget at its meeting on the 6th December 2022, which recommended the 2023/24 Revenue budget to the partner councils for consideration as part of their respective annual budget setting processes.

2023/24 MONITORING

6. Table 1 below provides an update on the Joint Committee's Month 6 financial position for the 2023/24 financial year. In summary the current position shows a projected gross expenditure outturn of £211,153 which represents a decrease of £55,017 against the original 2023/24 gross expenditure budget of £266,170.

TABLE 1: 2023/24 Summary Monitoring Position

	2023/24 Budget £	2023/24 Projected Outturn £	2023/24 Variance £
Project Team	157,188	151,514	-5,675
Supplies & Services	19,384	12,478	-6,905
Committee & Support Services	52,288	46,933	-5,355
Organics Contribution	-44,143	-40,498	3,645
Expenditure funded by Partner Contributions	184,717	170,427	-14,290
External Advisors	60,441	30,221	-30,221
Contingency	21,012	10,506	-10,506
Expenditure funded by Reserve Account	81,453	40,727	-40,727
Gross Expenditure	266,170	211,153	-55,017
Partner Contributions	-185,000	-135,000	50,000
Net Expenditure	81,170	76,153	-5,017
Appropriations (from) / to Joint Committee Reserve A/c	-81,170	-76,153	5,017
Projected Balance of the Joint Committee Reserve A/c as at 31.03.2023		193,560	

7. The Project Team is currently reporting an underspend of £5,675 (this assumes a 5% pay award plus oncost adjustments for 23/24). This variance is a consequence of the Budget being based on top of the pay scale costings and full employer on-costs.
8. The underspend of £30,221 with external advisors includes the assumptions that further advisor expenditure in the rest of the financial year will be pro-rata to the original budget provision. The actual spend to date on advisors is nil and there are no current commitments to engage advisors in this financial year.

9. The other significant expenditure variance identified in Table 1 is with the contingency provision which, in a similar manner to projected Advisor's expenditure, has also had a pro-rata reduction to reflect that there has been no requirement to use this budget in the financial year to date. Again there are no current commitments to use the contingency budget in this financial year.
10. Based on the projected Reserve Account position at Month 6 a £10,000 rebate per partner is again proposed for 2023/24. This position will be kept under review in future monitoring reports for the remainder of this financial year and appropriate adjustments made to this projected rebate if required. The projected balance for the Reserve account as at 31st March 2024 is £193,560 and this resource will be available to continue the principle of funding non-recurring Prosiect Gwyrdd expenditure in future financial years.

2024/25 BUDGET

11. A reasonable balance in the Reserve Account will be necessary to ensure that the Joint Committee has the financial flexibility to respond to unforeseen events without the need to ask Partner Councils to increase their in-year partner contributions. Against this background it is proposed that Partner contributions will continue to primarily fund the recurring regular expenditure of the Joint Committee, with the Reserve Account funding any ad-hoc non-recurring expenditure, specifically External Advisors and the Contingency provision. Any in-year additional resource requirements such as an upturn in external advisor activity would be funded from further drawdowns from the Joint Committee Reserve Account. The projected balance for this account for the end of 2024/25 financial year assuming a full drawdown of the budgeted funding is £94,350.
12. Table 2 below provides a summary of the proposed Budget for 2024/25 as well as a comparison with the current 2023/24 budget. A pay award of 5% from 1st April 2024 applied to the 2023/24 revised annual costs has been assumed for uplifting employee costs with a corresponding indexation assumption of 3% being applied to the other non-employee budget headings. If this assumed indexation increase is subsequently found to be less than the actual April 2024 Pay Award then any under provision will be funded from the Contingency and / or the Reserve Account.

TABLE 2: Summary Budget Position 2024/25

	2023/24 Original Budget £	2024/25 Proposed Budget £
Expenditure		
Contract Management Team	157,188	170,256
Supplies & Services	19,384	19,965
Support Services	52,288	57,648
Cardiff & Vale Organics Contribution	-44,143	-47,555
Expenditure – funded by Partner contributions	184,717	200,314
External Advisors	60,441	62,254
Contingency	21,012	21,642
Expenditure – funded by Reserve Account	81,453	83,897
Gross Expenditure	266,170	284,210
Partner Contributions	-185,000	-185,000
Appropriations from Joint Committee Reserve A/c	-81,170	-99,210
Projected Balance of the Joint Committee Reserve A/c as at 31.03.2024		94,350

13. The other budgets heads have been increased by 3% with the proposed partner contributions unchanged at £185,000, which is £37,000 per partner.
14. The projected drawdown from the Reserve account is £99,210 to leave a projected balance on the account of £94,350 as at 31st March 2025.

POST 2025/26 INDICATIVE BUDGET PROJECTIONS

15. Table 3 below provides a summary of indicative Joint Committee budgets and partner contributions for the financial years 2025/26 to 2027/28 which have also been indexed by inflation assumptions of 3% for both pay awards and other non-pay expenditure per annum. The projections are based on the continuation of a funding position adopted elsewhere in this report with the Reserve Account funding non-recurring expenditure. Any significant in-year drawdown from the Reserve may need to be subsequently replenished by the Partners but there would be sufficient early warning of this requirement to avoid in-year increases in Partner contributions.
16. An upper threshold of £275,000 and a lower threshold of £150,000 have been previously proposed for managing the Joint Committee Reserve Account as the account balance has been consistently above this threshold in recent years.
17. The payment of the Partner Contributions rebate over a number of financial years has helped bring the account balance within these parameters but the continuation of the payment of this rebate is less likely to occur as we move beyond 2023/24.

TABLE 3: Summary 2025/26 to 2027/28 Indicative Resource Requirements

Financial Year	Indicative Gross Expenditure Budget	Contributions per Partner	Reserve A/c funding	Projected Reserve A/c balance
	£	£	£	
2025/26	293,000	39,730	94,350	0
2026/27	302,000	60,400	0	0
2027/28	311,000	62,000	0	0

FINANCIAL IMPLICATIONS

18. This report provides Joint Committee with an update on the 2023/24 projected out-turn position at Month 6 with a gross expenditure underspend of £55,017 being projected. The projected balance of the Reserve Account at the end of 2023/24 is £193,560 which will be available to assist in funding non-recurring Prosiect Gwyrdd expenditure in future financial years.
19. The budget requirement of £284,210 for 2024/25 will be funded from partner contributions of £185,000 with the remaining funding of £99,210 being funded from a drawdown from the Reserve account. The closing projected Reserve Account balance of £94,350 assumes full drawdown in line with budget requirements for 2024/25 which will be monitored and updated accordingly with its implications for future years funding.
20. Indicative budgets have also been prepared for financial years 2025/26 to 2027/28 to inform Partner Councils in considering Prosiect Gwyrdd Joint Committee funding requirements in setting their Medium Term Financial Forecasts. These assume a continuation of the funding policy with the Reserve Account funding ad-hoc, non-recurring expenditure. The Reserve Account drawdown is dependent on sufficient resources being available to fund relevant expenditure. If Reserve Account resources are not sufficient then any shortfall will need to be made up either by partners contributing to the Reserve account and / or by increasing partner contributions. The expectation is that the balance of the Reserve Account can be managed to avoid any in year increases in Partner contributions.

LEGAL IMPLICATIONS

21. The Joint Working Agreement 2 (JWA2) in respect of the PG contract makes provision in respect of monitoring of costs, approving annual budgets (for recommendation to each Partner Council for approval) and council contributions. As part of the annual budget the JWA2 also allows Joint Committee to confirm the contingency to be included in the annual budget. The annual budget is the amount reasonably required to administer the contract.
22. It should be noted that the figures set out in this report are the best estimates at this time and as with any complex contract there is always a risk that the costs may exceed estimates as the contract progresses.

RECOMMENDATIONS

- a. That the Joint Committee notes the 2023/24 projected outturn forecast including the projected year-end balance for the Joint Committee Reserve Account.
- b. That the Joint Committee recommends the 2024/25 budget, including the proposed drawdown and closing balance of the Reserve Account, to the Partnering Councils for approval as part of their respective budget planning frameworks for 2024/25.
- c. The Joint Committee asks the Partnering Councils to note the indicative budgets, and associated partner contributions, outlined for the financial years 2025/26 to 2027/28.

Christopher Lee
Section 151 Officer – Cardiff Council
Treasurer to the Prosiect Gwyrdd Joint Committee

21st November 2023